

The securities offered under this offering document under the Listed Issuer Financing Exemption (the “Offering Document”) 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, U.S. persons or persons in the United States except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. This Offering Document does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States or to, or for the benefit of, U.S. persons or persons in the United States. “United States” and “U.S. person” have the meanings ascribed to them in Regulation S under the U.S. Securities Act.

Offering Document under the Listed Issuer Financing Exemption

April 25, 2024



Guanajuato Silver Company Ltd. (the “Issuer” or “GSilver”)

PART 1: SUMMARY OF OFFERING

What are we offering?

Offering:	Units (“Units”) of the Issuer, each Unit being comprised of one common share of the Issuer (a “Unit Share”) and one common share purchase warrant (each whole warrant, a “Warrant”). Each Warrant will entitle the holder to acquire one additional common share of the Issuer (a “Warrant Share”) at an exercise price of C\$0.30 per Warrant Share for a period of 24 months following the Closing Date.
Offering Price:	C\$0.20 per Unit (the “Issue Price”).
Offering Amount:	A minimum of 30,000,000 Units (the “Minimum Offering”) and a maximum of 43,125,000 Units (the “Maximum Offering”, and together with the Minimum Offering, the “Offering”), for minimum gross proceeds of \$6,000,000 and maximum gross proceeds of \$8,625,000.
Agents:	Research Capital Corporation and Red Cloud Securities Inc. as the co-lead agents and joint bookrunners, on behalf of a syndicate of agents (collectively, the “Agents”).
Closing Date:	Closing of the purchase and sale of the Units shall take place on or around the week of May 6, 2024 (“Closing Date”), or on such other date as the Issuer and the Agents may agree upon.
Exchange:	The Issuer’s common shares (the “Common Shares”) are listed, traded or quoted, as the case may be, on the TSX Venture Exchange (the “TSXV”) in Canada under the symbol “GSVR” and the OTCQX marketplace in the United States under the symbol “GSVRF”.
Last Closing Price:	The closing price of the Issuer’s Common Shares on the TSXV was C\$0.22 on April 24, 2024, the last trading day prior to the date of this Offering Document.

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this document. Any representation to the contrary is an offence. This offering may not be suitable for you and you should only invest in it if you are willing to risk the loss of your entire investment. In making this investment decision, you should seek the advice of a registered dealer.

GSilver is conducting a listed issuer financing under section 5A.2 of National Instrument 45-106 – Prospectus Exemptions. In connection with this Offering, the Issuer represents the following is true:

- The Issuer has active operations and its principal asset is not cash, cash equivalents or its exchange listing.
- The Issuer has filed all periodic and timely disclosure documents that it is required to have filed.
- The total dollar amount of this Offering, in combination with the dollar amount of all other offerings made

under the listed issuer financing exemption in the 12 months immediately before the date of this Offering Document, will not exceed \$8,960,424.

- The Issuer will not close this Offering unless the Issuer reasonably believes it has raised sufficient funds to meet its business objectives and liquidity requirements for a period of 12 months following the distribution.
- The Issuer will not allocate the available funds from this Offering to an acquisition that is a significant acquisition or restructuring transaction under securities law or to any other transaction for which the Issuer seeks security holder approval.

The Units may, subject to the terms and conditions set forth in the Issuer's subscription agreement for the Units, be sold in the United States only to accredited investors that are also "qualified institutional buyers" within the meaning of Rule 144A under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"). Concurrently with the offering of the Units in the United States, the Units are being offered outside the United States in reliance on Regulation S under the U.S. Securities Act.

All references to "\$" or C\$ in this Offering Document are to lawful currency of Canada unless otherwise expressly stated. References to "US\$" are to United States dollars.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS AND INFORMATION

This Offering Document contains forward-looking statements and information within the meaning of applicable Canadian securities laws, which are based upon GSilver's current internal expectations, estimates, projections, assumptions and beliefs, and include, but are not limited to, statements concerning future production, development and exploration plans at GSilver's mineral properties, including projected mined output and GSilver's ability to increase mined tonnage, grade, recoveries and silver equivalent ounces in accordance with its objectives, timetable and anticipated costs; expectations regarding cash flows for the next 12 months; GSilver's expectations with respect to raising the minimum and maximum proceeds of the Offering, the anticipated timing thereof and GSilver's expectations with respect to the use of available funds following completion of the Offering.

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 GSilver; which assumptions, while considered reasonable by GSilver, are inherently subject to significant operational, business, market, economic and regulatory uncertainties and contingencies. These assumptions include: our mineral resource estimates and estimates of mineralized material at our mineral properties 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; the ability of GSilver to successfully integrate production from recent acquisitions into existing mining and milling operations and the availability of excess processing and tailings capacity at existing facilities to accommodate same; GSilver's ability to secure additional sources of mineralized material for processing, prices for silver, gold and other metals remaining as estimated; currency exchange rates remaining as estimated; availability of funds for GSilver's projects and to satisfy current liabilities and obligations including debt repayments, capital expenditures and 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 GSilver's future results, production levels, cash flows or other performance or achievements to differ materially from those expected including, but not limited to, regulatory approval for the Offering and completion thereof; market conditions, future prices of gold, silver and other metals, 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, currency rate fluctuations, availability of future financing, rising inflation and interest rates, 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 GSilver will be able to maintain or increase production, tonnage milled and recovery rates, improve grades and reduce costs at its mines to process mineralized material to produce silver, gold and other concentrates in the amounts, grades, recoveries, costs and timetable anticipated. Further, GSilver's decision to process mineralized material from its existing mines is not based on a feasibility study of mineral reserves demonstrating economic and technical viability and thus 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 GSilver will meet its production or revenue forecasts or generate the anticipated cash flows from operations to satisfy scheduled debt payments and other liabilities when due or meet financial covenants to which GSilver is subject or to fund its exploration programs and corporate initiatives as planned. There is also uncertainty about the impact of any resurgence of COVID-19, ongoing war in Ukraine, ongoing conflict in Gaza, and inflation and interest rates that are at elevated levels and the impact they will have on GSilver'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 herein are qualified by these cautionary statements and those in GSilver's continuous disclosure filings available on SEDAR+ at www.sedarplus.ca. These forward-looking statements and information are made as of the date hereof and GSilver assumes no obligation to update or revise them to reflect new events or circumstances save as required by law.

PART 2: SUMMARY DESCRIPTION OF BUSINESS

What is our business?

GSilver is a Canadian based mining, development and exploration company engaged in reactivating past producing silver and gold mines in central Mexico, predominantly near the city of Guanajuato. Since 2017, GSilver has acquired a 100% interest in five past producing silver and gold mines and three processing mills: the El Pinguico mine in 2017, the El Cubo Mines complex in 2021, and the San Ignacio mine, Valenciana Mines Complex and Cata processing plant, and Topia mine and mill in 2022 as well as several exploration concessions within the Mexican silver states of Guanajuato and Querétaro.

Currently, GSilver produces a silver and gold concentrate at its El Cubo mill and Cata mill from mineral resources and material derived from its El Cubo, San Ignacio and Valenciana mines, and an existing stockpile at its El Horcon mine, all of which are situated in and about Guanajuato, Mexico and a zinc concentrate and separate lead and silver concentrate at its Topia mine and mill in Durango, Mexico, which concentrates GSilver sells to third party metal traders and purchasers pursuant to existing offtake agreements.

Recent developments

On November 27, 2023, the Issuer announced the commencement of development work and the processing of mineralized material from an existing stockpile at its 100% owned El Horcon mine located approximately 60 km NW of Guanajuato, Mexico. Metallurgical testing of the mineralized material at El Horcon has been demonstrated compatible with the Cata mill processing circuit and is currently being blended with mineralized production from the Valenciana Mines Complex.

On November 29, 2023, the Issuer announced the appointment of Mr. Carlos A. Silva as Chief Operating Officer. With a career spanning over 35 years, Mr. Silva has proven serially successful at advancing, expanding, and managing mining operations within Mexico & Bolivia. Mr. Silva is a graduate of mine engineering from the University of Guanajuato; he holds an MBA from ITESM, and he is a graduate of IPADE Business School.

On December 5, 2023, the Issuer announced that it has closed a \$7,500,000 gold loan credit facility (the "**2023 OP Gold Loan**") with Ocean Partners UK Limited ("**Ocean Partners**"). Approximately US\$4.6 million of the 2023 OP Gold Loan was used to extinguish in full one of the outstanding loans due to Ocean Partners; the remainder of the funds will be used for capex initiatives at the Issuer's El Cubo Mines Complex and Valenciana Mines Complex, as well as for general working capital purposes.

The 2023 OP Gold Loan is a loan facility for a term of 36 months, is repayable in equal fixed monthly installments

of gold totalling approximately 191 troy ounces per month for a period of 30 months, following a six-month grace period. The number of ounces to be delivered per month is based on a discount to the LBMA (London Bullion Market Association) gold closing price of US\$2,046.95 on November 29, 2023.

On January 1, 2024, Mr. Danny Lee was appointed as Chief Financial Officer of the Issuer. Mr. Lee is a Chartered Professional Accountant and accomplished finance leader with more than 25 years of experience working mainly within the natural resources sector.

On January 17, 2024, the Issuer announced the commencement of a relationship with a Mexican silver mining company to process a portion of its surface inventory of mineralized material at the El Cubo-Villalpando Mine Complex.

On February 29, 2024, the Issuer announced that the 2023 OP Gold Loan has been increased to US\$13,300,000 (the "**Expanded 2023 OP Gold Loan**"). The additional principal amount of the Expanded 2023 OP Gold Loan has been advanced in single draw to the Issuer. A portion of the Expanded 2023 OP Gold Loan will be used to pay down a portion of the outstanding loan due to Ocean Partners under an August 29, 2022 concentrate credit facility totalling approximately US\$3.8 million. The remainder of the funds will be used for capex initiatives and for general working capital purposes.

In connection with the Expanded 2023 OP Gold Loan, the Issuer and MK Metal Trading Mexico, S.A. de C.V., a Mexican division of Ocean Partners, have also extended the concentrate sales agreements related to the El Cubo Mines Complex, Valenciana Mines Complex, the San Ignacio mine and Topia mine to December 31, 2028. The Expanded 2023 OP Gold Loan will be secured by a pledge of the shares and assets of GSilver's Mexican subsidiaries MMR (as defined herein) and Obras Mineras El Pinguico, S.A. de C.V. The Issuer has the option to repay all or part of the Expanded 2023 OP Gold Loan at any time with 30 days' notice and the payment of a fee of 3.0% of the Expanded 2023 OP Gold Loan repaid.

On February 29, 2024, the Issuer announced that it has completed a shares-for-debt transaction totalling C\$414,727.89 through the issuance of 1,658,912 Common Shares, including 160,000 Common Shares issued to three non-arm's length parties to settle indebtedness totalling C\$40,000.

On March 14, 2024, the Issuer announced the signing of a new third party gold and silver processing agreement with a local Guanajuato-based miner, REM Marfil, S.A. De C.V. ("**Marfil**"). The agreement contemplates the processing of mineralized material from the past producing La Providencia mine project at the El Cubo and Cata processing facilities. The agreement covers the processing of an initial 80,000 dry metric tonnes of mineralized material with a minimum head grade of 0.43 grams per tonne gold and 192 grams per tonne silver. This material will be sourced from historical mining facilities located in the municipality of Guanajuato, and in the municipality of San Felipe, located approximately 30km north of the city of Guanajuato, Mexico.

On April 5, 2024 the Issuer announced its production during the quarter ended March 31, 2024 of 987,312 silver-equivalent ounces ("**AgEq***"). Production is derived from 428,279 ounces of silver; 5,384 ounces of gold; 879,242 pounds of lead; and 922,927 pounds of zinc. Tonnes milled increased by 20.1% over the previous quarter; a total of 165,079 tonnes were processed among GSilver's three production facilities. Average silver and gold recoveries increased to 88.6% and 89.2% respectively as compared to 84.5% silver recovery and 88.8% gold recovery in Q4, 2023. *AgEq (Silver equivalents) are calculated using an 88.72 (Ag/Au), 0.04:1 (Ag/Pb) and 0.05:1 (Ag/Zn) ratio for Q1 2024.

On April 24, 2024 the Issuer appointed Miranda Werstiuk to the Company's Board of Directors.

Material facts

There are no material facts about the securities being distributed that have not been disclosed in this Offering Document or in any other document filed by the Issuer in the 12 months preceding the date of this Offering Document.

What are the business objectives that we expect to accomplish using the available funds?

GSilver's primary business objective over the next 12 months is to ramp up production of silver and gold and other metals concentrates at its existing mining projects in Mexico and increase overall mined tonnage, grades, recoveries and silver equivalent ounces while improving operational efficiencies and reducing costs with a view to achieving positive cash flow from operations.

GSilver intends to use the net proceeds from the Offering and the remaining proceeds from the Expanded 2023 OP Gold Loan to ramp up production at its El Cubo, San Ignacio and Valenciana mines situated in and about Guanajuato, Mexico, complete certain improvements to expand and modernize its processing facilities at the Topia mine and mill complex in Durango, Mexico, carry out brownfield exploration at its existing mineral properties with particular emphasis at San Ignacio and Valenciana, and fund its corporate head office general and administrative expenses (“**G&A**”) for the ensuing 12 months.

See Part 3 “Use of Available Funds” below.

PART 3: USE OF AVAILABLE FUNDS

What will our available funds be upon the closing of the offering?

		Assuming the Minimum Offering (C\$)	Assuming the Maximum Offering (C\$)
A	Amount to be raised by this offering (rounded to nearest whole dollar)	\$6,000,000	\$8,625,000
B	Selling commissions and fees ⁽¹⁾	\$(360,000)	\$(517,500)
C	Estimated offering costs (e.g., legal, accounting, regulatory filing fees)	\$(110,000)	\$(120,000)
D	Net proceeds of offering: D = A – (B+C)	\$5,530,000	\$7,987,500
E	Adjusted working capital deficiency as at March 31, 2024 (estimate only) ⁽²⁾	\$(25,831,720)	\$(25,831,720)
F	Additional sources of funding ⁽³⁾⁽⁴⁾ ~(US\$18,745,795)	\$25,631,125	\$25,631,125
G	Total available funds: G = D+E+F	\$5,329,405	\$7,786,905

- (1) Assuming no sales to the president's list.
- (2) Working capital = current assets minus current liabilities. The Issuer's estimated working capital as at March 31, 2024 has been adjusted to reflect the following reductions/adjustments to current liabilities subsequent to March 31, 2024 (a) derivative liabilities of \$705,636, and (b) the exclusion of certain “contingent” current liabilities totaling \$2,502,159 payable pursuant to the Issuer's acquisition of Minera Mexicana El Rosario S.A. de C.V (“**MMR**”).
- (3) This figure represents the net proceeds remaining from the Expanded 2023 OP Gold Loan of ~\$1,093,840 plus positive expected cashflows for the next 12 months of ~\$24,537,285 which incorporates debt repayments, capital expenditures, taxes payable and VAT refunds.
- (4) Converted to Canadian \$ based on the Bank of Canada indicative exchange rate of US\$1.00 = C\$1.3673 as of April 23, 2024.

How will we use the available funds?

Description of intended use of available funds listed in order of Priority	Assuming the Minimum Offering (C\$)	Assuming the Maximum Offering (C\$)
To add to the Issuer's underground fleet and ramp up production at GSilver's producing mines in and about Guanajuato, Mexico including El Cubo, San Ignacio, Valenciana and Topia mines. Target completion date July 31, 2024	\$900,000	\$900,000
To fund corporate head office G&A expenses including legal, audit, overhead and salaries for ensuing 12 months (~\$150,000 per month)	\$1,800,000	\$1,800,000
To fund certain improvements to expand and modernize the processing facilities at the Topia mine and mill complex including capital expenditures and related costs Target completion date August 31, 2024	\$1,730,000	\$3,100,000
To carry out brownfields' exploration at GSilver's mineral properties, particularly San Ignacio and Valenciana Target completion date December 31, 2024	\$150,000	\$400,000
Unallocated working capital	\$740,405	\$1,586,905
Total	\$5,329,405	\$7,786,905

GSilver currently produces and sells a silver/gold concentrate at El Cubo from mineral resources and material derived from its El Cubo, San Ignacio and Valenciana mines, and an existing stockpile at its El Horcon mine, all of which are situated in Guanajuato, Mexico and a lead/silver concentrate and separate zinc concentrate at its Topia mine and mill complex in Durango, Mexico. GSilver's mining operations are in the ramp up phase and have not yet attained positive cash flow such that a portion of the available funds have been allocated as a reserve against future operating losses from GSilver's mining operations in Mexico as well as its corporate head office G&A expenses in Vancouver, B.C.

The above-noted allocation and anticipated timing represents GSilver's current intentions with respect to its use of available funds based on current knowledge, planning and expectations of GSilver's management. Although GSilver intends to expend the net proceeds from the Offering and available funds as set forth above, there may be circumstances where, for sound business reasons, a reallocation of funds may be deemed prudent or necessary and may vary materially from that set forth above, as the amounts actually allocated and spent will depend on a number of factors, including GSilver's ability to execute on its business plan.

The most recent audited annual financial statements of GSilver included a going-concern note. GSilver started producing and selling silver and gold concentrate in the fourth quarter of 2021 and has yet to generate positive cash flow from operations. As of the date of this Offering Document, GSilver continues to generate a mine operating loss, a net loss and negative cash flow from operating activities, which may cast significant doubt about GSilver's ability to continue as a going concern. The Offering is intended to enable GSilver to supplement cash flow from production, continue to meet its head office G&A expenses, carry out certain capital improvements and explore its properties. However, unless and until GSilver's operations begin to

generate positive cash flow, the Offering is not expected to affect the decision to include a going concern note in GSilver's next annual financial statements.

How have we used the other funds we have raised in the past 12 months?

Previous financing activity	Intended Use of Funds	Actual Use of Funds to Date (as of April 23, 2024)	Variance between Intended and Actual Use of Funds	Impact of Variance on business objectives and milestones
February 29, 2024 Increase in 2023 OP Gold Loan by US\$5,800,000	US\$1,670,634 to be used to pay down Ocean Partners loan from August 2022; remainder for general working capital purposes.	US\$4,950,000	Nil. However, as of April 23, 2024, US\$850,000 remains unspent and available for general working capital purposes.	N/A
December 5, 2023 US\$7,500,000 2023 OP Gold Loan	US\$4,620,872 to be used to extinguish in full one of the outstanding loans to Ocean Partners; remainder of funds to be used for capex initiatives and general working capital purposes.	US\$7,500,000	Nil	N/A
August 10, 2023 Bought deal financing \$8,010,000 (US\$5,973,600)	For working capital and general corporate purposes.	US\$5,973,600	Nil	N/A

PART 4: FEES AND COMMISSIONS

Who are the dealers or finders that we have engaged in connection with this offering, if any, and what are their fees?

Agents:	Research Capital Corporation and Red Cloud Securities Inc. as the co-lead agents and joint bookrunners, on behalf of a syndicate of agents.
Compensation Type:	Cash commission and broker warrants.
Cash Commission:	Up to 6.0% cash commission on gross proceeds raised from purchasers introduced to the Issuer by Agents, subject to a reduction of up to 3.0% to the extent Units are purchased by persons identified by the Issuer pursuant to a president's list in a format satisfactory to the Agents.
Broker's Warrants:	Broker warrants (" Broker Warrants ") in an amount up to 6.0% of the total number of Units sold to purchasers introduced to the Issuer by Agent, subject to a reduction of up to 3.0% for Units purchased by persons identified by the Issuer pursuant to a president's list in a format satisfactory to the Agents, with each Broker Warrant entitling the holder to purchase one Common Share of the Issuer at an exercise price of C\$0.20 for a period of 24 months following the Closing Date.

Do the Agents have a conflict of interest?

To the knowledge of the Issuer, it is not and will not be a “related issuer” or “connected issuer”, as such terms are defined in National Instrument 33-105 – *Underwriting Conflicts*, to any Agent engaged by the Issuer in connection with the Offering.

PART 5: PURCHASERS' RIGHTS

Rights of Action in the Event of a Misrepresentation

If there is a misrepresentation in this Offering Document, you have a right

- (a) to rescind your purchase of these securities with GSilver, or
- (b) to damages against GSilver and may, in certain jurisdictions, have a statutory right to damages from other persons.

These rights are available to you whether or not you relied on the misrepresentation. However, there are various circumstances that limit your rights. In particular, your rights might be limited if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in paragraph (a) or (b) above, you must do so within strict time limitations.

You should refer to any applicable provisions of the securities legislation of your province or territory for the particulars of these rights or consult with a legal adviser.

PART 6: ADDITIONAL INFORMATION

Where can you find more information about us?

Security holders can access GSilver’s continuous disclosure filings on SEDAR+ at www.sedarplus.ca under GSilver’s profile.

For further information regarding GSilver, visit our website at: <https://www.gsilver.com>.

PART 7: DATE AND CERTIFICATE OF THE ISSUER

This Offering Document, together with any document filed under Canadian securities legislation on or after December 31, 2023 contains disclosure of all material facts about the securities being distributed and does not contain a misrepresentation.

Dated: April 25, 2024

“James Anderson”

JAMES ANDERSON
Chief Executive Officer

“Danny Lee”

DANNY LEE
Chief Financial Officer