



Guanajuato  
Silver CO  
LTD

## **CODE OF ETHICS AND BUSINESS CONDUCT**



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### **INTRODUCTION**

Ethical conduct in our business practices is critical to the development and maintenance of the reputation and credibility of Guanajuato Silver Company Ltd. and its subsidiaries (collectively "**GSilver**" or the "Company"). GSilver expects its directors, officers, employees, contractors, and consultants (collectively, "**Personnel**"), as well as its business partners, to operate in accordance with the highest ethical standards in their conduct of business for and on behalf of the Company.

GSilver is committed to the following values:

- Integrity, honesty, and respect
- Teamwork
- Achievement and accountability
- Employee engagement
- Innovation
- Openness and transparency
- Understanding and compassion

These values are embodied within this code of conduct and ethics (the "**Code**"). This Code will guide Personnel in identifying and managing business situations, allowing GSilver to conduct business in a responsible and ethical manner, treating those with whom it deals (including GSilver's securityholders, regulators, customers, suppliers, competitors and Personnel) with fairness and respect. This Code is not intended to address every issue that may arise, but rather is intended to set out basic principles with which GSilver expects Personnel and business partners to comply.

The Company requires the highest standards of professional and ethical conduct from its Personnel and business partners. A reputation for honesty and integrity is important for the success of the business. No one will be permitted to achieve results through violations of laws or regulations, or through unscrupulous dealings.

The Company aims for its business practices to be compatible with, and sensitive to, the economic and social priorities of each location in which operations are conducted. Although customs vary from country to country and standards of ethics may vary in different business environments, honesty and integrity must always characterize the Company's business activity.

This Code has been adopted by the board of directors of GSilver (the "**Board**"). The Board reserves the right to add to, modify and rescind all or any portion of this Code from time to time. In addition to following this

Code, all Personnel and business partners are expected to seek guidance in any case where there is a question about compliance with both the letter and spirit of the Company's policies and applicable laws. This Code sets forth general principles and does not supersede the specific policies and procedures that are in effect, such as the Corporate Disclosure Policy or other policies, from time to time. If any law conflicts with a policy set out in this Code, **you must comply with the law.**

## **COMPLIANCE WITH LAWS**

GSilver will conduct its business activities in compliance with all laws, regulations and requirements that are applicable to wherever GSilver operates. Personnel will inform themselves respecting the laws and regulations applicable to GSilver's activities. GSilver Personnel are also required to become familiar with and agree to comply with all applicable GSilver policies.

If there are any questions or uncertainties about the application or interpretation of laws, regulations, standards or policies that direct GSilver's operations, Personnel should direct questions to their immediate superior or person with whom he or she has a reporting relationship.

## **CONFLICT OF INTEREST**

A conflict of interest occurs when an individual's private interests interfere in any material way with the interests of GSilver. A perceived conflict of interest occurs where an individual's private interests appear to be in conflict in a material way with the interests of GSilver. Personnel must not participate in any activity or situation that gives rise to a conflict or perceived conflict between personal interests and the interests of GSilver. Personnel should also avoid situations or activities that could compromise, or appear to compromise, their judgment, objectivity, or ability to act in the best interests of GSilver. Activities that could give rise to potential conflicts of interest are prohibited unless specifically approved in advance by the Chief Executive Officer ("CEO") or the Board.

Personnel are expected to use common sense and good judgment in determining whether a conflict of interest does or potentially could exist. In the event of an actual, potential or perceived conflict of interest, Personnel should speak to their immediate superior, supervisor or person with whom he or she has a reporting relationship; and, in the case of any officers of GSilver, the CEO; and in the case of the CEO, the Board. Waivers can only be granted by the Board or in certain circumstances by the CEO. Breaches of the conflict of interest obligations of Personnel will result in disciplinary action up to and including termination of employment or retainer for cause in appropriate circumstances.

Any member of the Board or any officer having an actual or potential conflict of interest in any proposed transaction or arrangement is not permitted to vote (in the case of a member of the Board) or use his or her personal influence on the matter being considered by the Board. Any member of the Board having an actual or potential conflict of interest may be counted in determining the quorum for the meeting at which such transaction or arrangement is considered for approval but should excuse him or herself from any discussion of the matter in question and not vote on the particular matter. The minutes of the Board meeting should reflect the disclosure, the absence from the discussion of the matter, and the abstention from voting of such interested director or officer. The proposed transaction or arrangement is considered approved if it receives the affirmative vote of a majority of the disinterested members of the Board. The foregoing requirements do not prohibit the interested director or officer from briefly stating his or her position on the matter or from answering pertinent questions from the disinterested members of the Board, as the interested director's knowledge may be of assistance to the other Board members in their consideration of the matter.

## **CORPORATE OPPORTUNITIES AND DUTY OF LOYALTY**

Personnel have a duty of loyalty to GSilver, which includes a duty to advance the Company's legitimate

interests when the opportunity to do so arises. Accordingly, Personnel may not use their position or the Company's name, property, information or goodwill for personal gain or for the gain of others. Personnel are further prohibited from taking advantage of an opportunity that is discovered through the use of any corporate property, information, contacts or their position with GSilver. All such opportunities, actual or perceived, should be reported to their immediate supervisor.

## **CONFIDENTIALITY AND DISCLOSURE**

During employment or contract with GSilver, Personnel will have access to or obtain information that is non-public, confidential, and of value to GSilver's competitors or that may be damaging to GSilver if disclosed improperly ("**Confidential Information**"). Personnel may also gain access to Confidential Information about suppliers and customers with whom GSilver conducts business.

Personnel have a responsibility to protect the Confidential Information of GSilver or the companies it does business with against theft, loss, unauthorized access or use, alteration, or misuse. This obligation applies during the employment or retainer of any Personnel and after termination of such employment or retainer for any reason, for so long as the Confidential Information retains its confidential nature.

Personnel must maintain the confidentiality of Confidential Information entrusted to them by GSilver, or that otherwise comes into their possession in the course of their employment or retainer. Confidential Information may only be disclosed if it is legally required or if specific authorization is given, or as required to properly perform any duties on behalf of GSilver.

All information about GSilver, its business, its interests, including its ownership interests, and its activities that has not been publicly disclosed and that if known by the general public might reasonably be expected to have a material impact on a business decision or transaction, or effect the value of any security, of GSilver ("**Insider Information**") is considered Confidential Information. The use of Insider Information relating to GSilver for personal gain or for any reason other than the proper performance of any duties on behalf of GSilver is not only unethical and a breach of this Code but may also be illegal.

Examples of Insider Information include, but are not limited to:

- unpublished financial results
- material licensing or other regulatory developments
- material exploration or drill results
- expansions or curtailment of operations
- operational incidents
- anticipated acquisitions or joint ventures
- pending litigation

Personnel must not speak on behalf of GSilver unless authorized to do so and should refer to the Corporate Disclosure Policy for specific direction. Personnel should refer questions from the media to the appropriate spokesperson of GSilver.

If Personnel are not sure whether information has been publicly disclosed, they should seek advice from their immediate superior, supervisor or person with whom he or she has a reporting relationship.

These confidentiality and disclosure obligations remain in effect even after Personnel leave their employment or engagement with GSilver. Breaches of the confidentiality and disclosure obligations of Personnel will be subject to disciplinary action up to and including termination of employment or retainer for cause in appropriate circumstances.

## **INSIDER TRADING**

Insider trading is unethical and illegal. The trading in securities of GSilver while a person is in possession of material non-public information regarding the Company is prohibited. This includes the securities of GSilver and any other company. It is also illegal to “tip” or pass on Insider Information to any other person who might make an investment decision based on that information or pass the information on further. GSilver's Insider Trading and Blackout Period Policy sets forth the obligations in respect of trading in the Company’s securities.

## **ENVIRONMENT**

GSilver is sensitive to the environmental impact of its operations. Accordingly, the Company aims to meet or exceed local laws within all jurisdictions in which it operates and focus on measures to maintain or improve the integrity of local ecosystems using best environmental practices. If any individual has any doubt as to the applicability or meaning of a particular environmental regulation or issue, the individual should immediately discuss the matter with a superior, supervisor or person with whom he or she has a reporting relationship.

## **EMPLOYMENT PRACTICES (EQUAL OPPORTUNITY, DISCRIMINATION AND HARRASSMENT)**

GSilver values the diversity of its Personnel and business partners and is committed to providing equal opportunity in all aspects of employment and business opportunities. The Company will ensure that all Personnel are treated with respect and dignity and will not tolerate discrimination or harassment against current or potential Personnel or those with whom it conducts business based on race, nationality, ethnic origin, colour, religion, age, gender, marital status, family status, sexual orientation, political belief, or disability. Abusive, harassing, or offensive conduct is unacceptable, whether verbal, physical or visual. Personnel and business partners are encouraged to speak out when a co-worker’s conduct makes them uncomfortable, and to report harassment when it occurs. GSilver is committed to assuring fair employment, including equal treatment in hiring, training, compensation, termination and corrective actions.

## **HEALTH AND SAFETY**

It is GSilver's responsibility to establish and maintain a safe and healthy working environment for its Personnel by following industry standards for health and safety rules and practices and in accordance with applicable laws and regulations. GSilver is committed to keeping its workplaces free from hazards. Threats or acts of violence or physical intimidation are prohibited. To protect the safety of all Personnel, GSilver’s assets, the environment, and the communities within which GSilver works, Personnel must report for work fit to perform their duties and free from the influence of any substance that could prevent them from conducting their work activities safely, effectively, and in compliance with all applicable laws.

## **LOCAL COMMUNITIES AND CULTURES**

GSilver is committed to respecting the rights, interests, special connections to lands and waters, and perspectives of local communities and cultures when the Company will be interacting or operating in lands traditionally owned or under customary use of local communities. This includes following a culturally appropriate consultation process that ensures meaningful participation to obtain prior and informed consent of local communities when proposing new or substantially modified projects.

## **FAIR DEALINGS**

All of GSilver's suppliers, competitors and Personnel should be dealt with fairly. No one at the Company should take unfair advantage of anyone through illegal conduct, concealment, manipulation, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice.

## **USE OF COMPANY PROPERTY AND RESOURCES**

GSilver's information systems, office equipment, tools, vehicles, supplies, facilities, services and any other assets or property owned or leased by GSilver or that are otherwise in the Company's possession are provided and should be used for authorized business purposes only or other purposes approved by management. Personnel have an obligation to protect and use GSilver's property and resources, including proprietary information, in accordance with the principles of sensible and acceptable use.

GSilver's assets need to be protected and used efficiently. Theft, carelessness, damage and waste have a direct impact on the Company's operations. Theft, misuse, damage or waste of the Company's property and resources by any Personnel will not be tolerated and will be subject to disciplinary action, up to and including termination of employment or retainer for cause in appropriate circumstances. It could also result in civil or criminal penalties. Any suspected incidents of fraud or theft should be immediately reported to an individual's supervisor or to a member of senior management or the Board for investigation.

## **RETENTION OF DOCUMENTS AND RECORDS**

It is the GSilver's policy to cooperate with all governmental investigative authorities. Personnel shall retain any record, document or property of GSilver that is known to be the subject of an investigation or litigation.

It is a violation of this Code for Personnel to knowingly alter, destroy, conceal, cover up, falsify or make a false entry in any record, document or tangible object with the intent to impede, obstruct or improperly influence the investigation or proper administration of any matter within the jurisdiction of any federal, provincial, state or municipal department or agency, or any bankruptcy, or in relation to or contemplation of any such matter or case.

## **FINANCIAL AND BUSINESS DISCLOSURE AND ACCURACY OF COMPANY RECORDS AND REPORTING**

Honest and accurate recording and reporting of information is critical as a prelude to making responsible business decisions and meeting reporting obligations to stakeholders. This includes both GSilver's financial reporting and ongoing disclosure requirements under applicable securities and stock exchange requirements. GSilver's accounting and other records are relied upon to produce reports for the Company's management, shareholders, creditors, governmental agencies and others. Full, fair, accurate, timely and understandable disclosure in the reports and other documents that are filed with, or submitted to, securities regulators and stock exchanges and in other public communications is critical for maintaining a good reputation, complying with obligations under the securities laws and meeting the expectations of shareholders and other members of the investment community. In preparing such reports and documents and other public communications, the books and records of the Company should reflect all business activities and transactions in a timely, fair and accurate manner and in compliance with applicable laws. All assets and liabilities, revenue and expenses should be properly and accurately recorded in the accounting records in the correct accounts, departments and accounting periods, with no accounting records containing false or intentionally misleading entries.

All business transactions shall be properly authorized and supported by accurate documentation and in reasonable detail to ensure that the best interests of GSilver and any Confidential Information or other corporate information belonging to GSilver is protected.

Further no information should be concealed from GSilver's independent auditors and compliance with the Company's system of internal controls is required.

The intentional creation of any false or misleading entries with respect to any business activity or transaction is strictly prohibited and will be subject to appropriate disciplinary action, up to and including termination of employment or retainer for cause in appropriate circumstances. If any Personnel of the Company has concerns or complaints regarding accounting or auditing issues, he or she is encouraged to submit those concerns to a member of the Audit Committee of the Board.

## **E-MAIL, INTERNET, TELEPHONES AND OTHER FORMS OF COMMUNICATION**

GSilver provides its Personnel with access to e-mail, the Internet, telephones and other forms of communication for business purposes, and while the Company understands the need for limited and occasional use of these tools for personal purposes, this use should not be excessive or cause detriment to GSilver. Internet use must be conducted in a professional manner. For example, accessing internet sites containing obscene or offensive material, or sending e-mails that are derogatory or harassing to another person or group of people or chain e-mails, is prohibited. In addition, Personnel must be vigilant to ensure that network security is maintained.

## **GIFTS AND ENTERTAINMENT**

Business gifts and entertainment are customary courtesies designed to build goodwill among business partners. These courtesies include such things as meals and beverages, tickets to sporting or cultural events, discounts not available to the general public, travel, accommodation and other merchandise or services. In some cultures they play an important role in business relationships. However, a problem may arise when such courtesies compromise, or appear to compromise the ability to make objective and fair business decisions. This applies to Personnel offering gifts and entertainment to business partners and vice versa.

Offering or receiving any gift, gratuity or entertainment that influences, or might be perceived to unfairly influence a business relationship, should be avoided.

The value of any gifts should be nominal, both with respect to frequency and amount. Gifts that are repetitive (no matter how small) may be perceived as an attempt to create an obligation to the giver and are therefore inappropriate. Likewise, business entertainment should be moderately scaled and intended only to facilitate business goals. If there is uncertainty in determining whether a specific gift or entertainment item lies within the bounds of acceptable business practice, consult a supervisor or a member of senior management and consider whether or not the gift or item is legal, business related, moderate and reasonable, whether or not public disclosures would embarrass GSilver, and whether or not there is any pressure to reciprocate or grant special favours.

## **PAYMENTS TO DOMESTIC AND FOREIGN OFFICIALS**

GSilver Personnel must comply with all applicable laws prohibiting improper payments to domestic and foreign officials, including the Corruption of Foreign Public Officials Act (Canada) (the "Act"). Business partners are also expected to comply with the Act.

The Act makes it illegal for any person, in order to obtain or retain an advantage in the course of business, directly or indirectly, to offer or agree to give or offer a loan, reward, advantage or benefit of any kind to a foreign public official or to any person for the benefit of a public official. Foreign public officials include persons holding a legislative, administrative or judicial position of a foreign state, persons who perform public duties or functions for a foreign state (such as persons employed by boards, commissions or government

corporations), officials and agents of international organizations, foreign political parties and candidates for office.

Although “facilitated payments” or certain other transactions may be exempted or not illegal under applicable law, the Company’s policy is to avoid them. If any Personnel has any questions about the application of this policy to a particular situation, please report to the Chief Executive Officer, the Chief Financial Officer or such other senior officer as may be designated by the Company from time to time who, with the advice of counsel as necessary, will determine acceptability from both a legal and a corporate policy point of view, and any appropriate accounting treatment and disclosures which are applicable to the particular situation.

Violation of the Act is a criminal offence, subjecting GSilver to substantial fines and penalties and any officer, director or employee acting on behalf of the Company to imprisonment and fines. Violation of this policy may result in disciplinary actions up to and including termination or discharge from the Company.

## **COMPLIANCE AND ENFORCEMENT**

All Personnel must become familiar with and agree to comply with this Code as a condition of employment, and apply it to all their business activities with, for and on behalf of GSilver.

You should read this Code carefully, ask questions of your immediate superior, supervisor or person with whom you have a reporting relationship. The attached Annex A sets out compliance procedures for GSilver's Personnel to observe when they encounter situations involving a breach or potential breach of this Code.

However, this Code cannot, and is not intended to, address all of the situations that may be encountered. There will be occasions where Personnel or business partners are confronted by circumstances not covered by policy or procedure and where judgement must be exercised as to the appropriate course of action. In those circumstances or if any questions arise concerning obligations under this Code, all Personnel/business partners are encouraged to use common sense, and to contact a supervisor or a member of senior management for guidance. Senior management or directors are encouraged to consult with the Chief Executive Officer, the Chief Financial officer, the Corporate Secretary, or such other senior officer of the Company as may be designated by the Company from time to time.

All directors, officers, employees and contractors of the Company in managerial or supervisory positions, or whose duties involve regular contact with any government department or agency, or the selection of contractors for the provision of goods or services, or the approval or payment of invoices on behalf of GSilver, or any other Personnel as requested or determined by any officer of GSilver from time to time, must promptly sign the certification attached as Annex B on an annual basis.

Failure to comply with this Code or applicable laws, rules or regulations can result in disciplinary measures, up to and including termination of employment or retainer for cause or termination of the business relationship.

Violations of this Code may also constitute violations of law and may result in civil or criminal penalties for the employee, the employee’s supervisors, the business partner and the Company.

## **NON-COMPLIANCE REPORTING**

All Personnel are responsible for reporting any conduct or activities that they reasonably believe are or may lead to a breach of any obligations under this Code. In reporting non-compliance, employees, contractors and consultants should first raise the issue with their immediate superior, supervisor or person with whom he or she has a reporting relationship, who shall consult with GSilver's general counsel or human resources department to determine whether a breach of this Code has or may have occurred and authorize measures to



be taken to avoid or neutralize the adverse effect of such breach. If consultation with a supervisor or superior is not possible in the circumstances, or does not resolve the matter, Personnel should refer to the Company's Whistle Blower Policy that addresses any issues related to illegal or fraudulent activities.

No retaliatory action will be taken against an individual for providing information in good faith. Disciplinary actions may be taken against any Personnel who violate this Code. Personnel or business partners may choose to remain anonymous in reporting any violation of this Code and all reports will remain confidential.

#### **WAIVERS AND AMENDMENTS**

Any waiver of this Code and any amendments to this Code shall be subject to the sole discretion of the Board. Waivers with respect to employees, contractors and consultants may be given by the CEO, who shall report any such waivers to the Board.

Any amendments to this Code will be disclosed to all Personnel and to any other interested party or governmental department, body or agency as required by applicable law, rule, regulation or stock exchange requirement.

#### **APPROVAL**

Last updated and approved by the Board on May 23, 2022 (previously on June 5, 2021).