

« A shared commitment to success. »

Three years ago, OCIM provided Guanajuato Silver with a non-dilutive Loan Facility in the form of a US\$7.5m prepayment of silver and gold bullion. Now that the last delivery has just been completed, learn more about this successful and transforming operation with James Anderson, CEO at Guanajuato Silver Company, and Laurent Mathiot, CEO at OCIM.



James Anderson, CEO at Guanajuato Silver Company Ltd



Laurent Mathiot, CEO at OCIM Metals & Mining SA

About OCIM

The OCIM group of privately held companies has a long and successful history as a Trader and Financier of Strategic Assets. Established in Paris in 1961, OCIM is headed by a third-generation member of the founding family. Besides its core historical business in Real Estate, OCIM has diversified into other strategic tangible assets such as coinage Precious Metals via its Geneva-based subsidiary. As a Merchant, OCIM trades physical metals across the full value chain, from producers to end users. As a Financier, OCIM invests in a wide variety of instruments and provides financing to the value chain with equity, debt, and alternative investments.

In April 2021, Guanajuato Silver (GSilver) closed on its acquisition of the El Cubo complex, which sits on a site actively mined since the 17th century and comprises a gold and silver mine as well as an ore processing plant, both situated just 8 kilometres from El Pinguico in the region of Guanajuato, in central Mexico.

Three months later, OCIM provided Guanajuato Silver with a non-dilutive Loan Facility in the form of a US\$7.5m prepayment of silver and gold bullion dedicated to reactivate El Cubo's ore treatment facility. This loan was for an 18-month term, including an initial six-month payment-free grace period, and was then repayable over a 12-month period by Guanajuato Silver delivering a fixed number of silver and gold ounces on a monthly basis. The funding has been gradually increased and restructured over the years to take into account of Guanajuato's changing needs.

The day-to-day cooperation between the two companies, combined with transparent communication, has enabled both to build solid trust, overcome challenges and, ultimately, be a great success story that has been mutually beneficial. In addition, both strive to be exemplary corporate citizens while managing and mitigating environmental, social and governance ("ESG") risks. While both companies have their own ESG methodologies and criteria, our partnership is based on the same quest for excellence in this area, on the adoption of industry best practices and more generally, on shared values.

A look back at this successful and transformative operation, as Guanajuato Silver has just completed its latest delivery.



JA: James Anderson, CEO at Guanajuato Silver Company Ltd

Listed on the Toronto stock exchange, Guanajuato Silver is engaged in reactivating past producing silver and gold mines near the city of Guanajuato, Mexico, and is the leading claim holder in the Guanajuato Mining District, one of the world's great silver camps with almost a 500-year mining history. GSilver's projects are surrounded by many past and present precious metals mines. The Company intends to pursue a "hub & spoke" strategy centered around the El Cubo Mine.



LM: Laurent Mathiot, CEO at OCIM Metals & Mining SA

OCIM is an independent provider of structured trade finance solutions in the precious metals sector and operates in partnerships with various operators along the mining value chain, in a mutually beneficial fashion. OCIM approaches each opportunity in a comprehensive manner, from all operational and financial angles, with a constant focus on risk management and sustainable development.

What are the specific features of your business?

JA: Guanajuato Silver is the fastest growing silver producer in Mexico. Starting with the acquisition of the El Cubo Mine in 2021, we now produce precious metals from a total of four operating mines located in central Mexico. The Company continues to pursue a growth-through-acquisitions strategy in conjunction with the continued ramp-up of our mines. Guanajuato Silver is 100% focused on Mexico, and specifically on the Guanajuato Mining Camp, which boasts a 450-year mining history.

You raised your first financing in 2021 from OCIM in the form of a prepayment; What was the objective at the time?

JA: Guanajuato Silver purchased the El Cubo Mine in 2021; at that time, El Cubo was on care and maintenance; the Company's goal was to quickly restart operations. The mine was previously owned by Endeavour Silver, who paid over \$200 million for the asset in 2012. With the support of OCIM, Guanajuato Silver was able to purchase El Cubo for \$15 million and immediately begin the process of restarting operations. Within just eight months time, and well ahead of schedule, El Cubo produced its first precious metal concentrate. Today, with over 350 employees, the success of our El Cubo Mine puts the Company in a strong position for further consolidation of the Guanajuato Mining Camp.



Why did you choose to finance Gsilver?

LM : We chose to finance GSilver due to their clear vision for the El Cubo Mine and Plant and the compelling opportunity it presented. Their strategy aligned well with our expertise in the precious metals sector, and we were impressed by their ability to acquire a valuable asset at a very discounted price. The experienced management team, our own site visit and a significant silver production growth potential in the historical Guanajuato district were also key factors in our decision.

Why did you use this type of instrument? What was the overall financing policy?

GSilver criteria measure : Guanajuato Silver is a public company (TSX.V: GSVR); with any business decision, the core question we ask ourselves is will this prove accretive to the shareholders? For the El Cubo acquisition, we were presented with several financing options; however, we were immediately drawn to the OCIM silver and gold loan facility as it offered us a non-dilutive avenue with which to fund this particular stage of our growth. Furthermore, the OCIM team clearly understood our business and our goals; it was evident that OCIM genuinely wished to act as a partner in this early stage of our growth.

How did the financing work during its lifetime?

JA : The OCIM loan has now been paid in full. Throughout the life of this loan, OCIM has demonstrated complete professionalism and they have offered us a lot of flexibility as we pursued the ramp-up at El Cubo in parallel with the purchase of additional mining assets. We would be very happy to work with OCIM again in the future.

LM : The financing arrangement with GSilver worked smoothly, with regular monitoring and open communication throughout the process. We offered flexibility to accommodate their evolving needs during the ramp-up of El Cubo and subsequent acquisitions. Our deep understanding of the mining sector allowed us to effectively manage risks while supporting GSilver's ambitious growth plans.

What was the relationship between OCIM and Gsilver during this period?

JA : We have thoroughly enjoyed working with the OCIM team and we would happily do so again.

LM : Our relationship with GSilver was characterized by mutual respect, open communication, and a shared commitment to success. We positioned ourselves as a strategic ally, maintaining regular dialogue and offering collaborative problem-solving when challenges arose. Throughout our engagement, we focused on building a lasting relationship that could potentially lead to future collaborations.

The last delivery has been made this month; What lessons have you both learned from this episode?

JA: For both companies, this was a first experience with a mine restart. For any mining company looking to make the leap to producer status, the learning curve is going to be significant, and OCIM has participated in this process every step of the way. For Guanajuato Silver, this was also our first experience with a bullion loan; again, there is a learning curve attached to this type of product.

LM : This experience reinforced the importance of flexibility in financing solutions, especially for mine restart scenarios. We gained valuable insights into managing risks associated with funding a rapidly expanding company, which will inform our approach to future opportunities. The success of this financing underscored the value of our partnership approach and the importance of clear, ongoing communication in such arrangements.

You raised a significant amount of funds this year; What is your funding strategy now?

JA: We will continue to source the market for funding options as we expand production at our mines and look to make further acquisitions of mining assets.

What is your positioning in terms of financing from now on?

LM : Moving forward, OCIM remains focused on providing innovative, flexible, and tailored solutions to the precious metals value chains. We are expanding our product offerings, including short-term working capital funding options, while maintaining our emphasis on being a strategic partner rather than just a financier. Our approach will continue to integrate ESG considerations and support companies with clear growth strategies, adapting to the evolving needs of the metals and mining industry.



Contact

Laurence Mathiot

Director of Communications and
Human Resources

laurence.mathiot@ocim.com

+33 1 88 83 86 17

+33 6 48 79 38 95