

OCTOBER 18, 2023

TSX: GSVR



Guanajuato
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PROFILE OF THE WEEK



JAMES ANDERSON

CHAIRMAN & CEO GUANAJUATO SILVER

WWW.GSILVER.COM

“ON WEDNESDAY, OCTOBER 11TH, 2023, WE ENTERED INTO A NEW BULL MARKET FOR PRECIOUS METALS.”



Having spent the past 30+ immersed in market analysis, I am able to extract valuable capital markets intelligence from seemingly byzantine stock charts. An important element of the career that I have built has centered around predicting the inevitable repercussions triggered by various geo-political events that impact financial markets every day and in myriad ways. In short, I have made interpreting markets my vocation; based on my experience, I believe that we have arrived at a major inflection point for precious metals.

I believe that you can circle October 11, 2023 on your calendar as the day that a new bull market in the gold price commenced; we are now in the very early days of a new bull-run for precious metals - and it is going to be spectacular. While it is true that gold bottomed several days earlier - on or about October 4th - the action in the market after October 11 has, for me, confirmed the secular bull market.

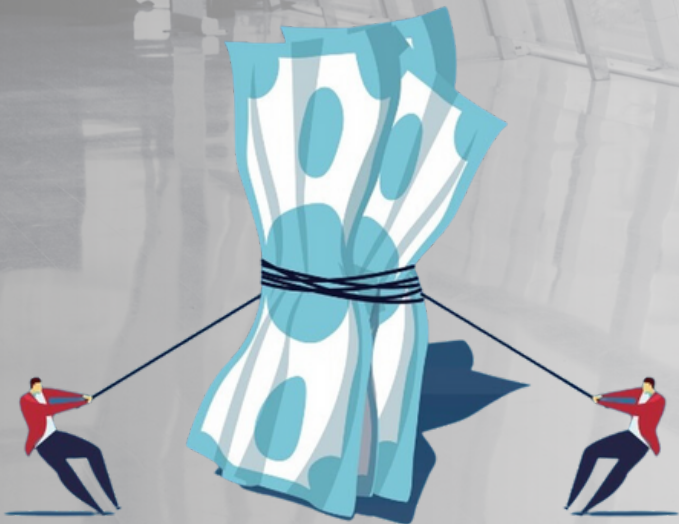


“Circle October 11, 2023.”

MY REASONING FOR MAKING THIS CALL ON THE MARKET IS BASED ON FOUR PRIMARY ARGUMENTS – MONETARY, FISCAL, SOCIAL AND TECHNICAL.

ARGUMENT #1 – MONETARY

Congratulations! You have just lived through one of the most rapid periods of monetary tightening ever experienced in the history of the western world. Central bankers from numerous countries have rapidly driven interest rates from the extraordinary realm of negative nominal returns to rates that are now approaching the historical mean as they seek to quell inflation. This monetary tightening has made for a wild ride, but a significant hiatus is before us; this pause has already been foreshadowed by the actions of some central banks, like Canada and New Zealand, that lack the political will to continue with additional rate hikes as their constituents begin to feel the sting of higher rates in the form of higher credit card interest, bank interest, student debt interest, and mortgage payments.



People often think that gold will go higher during inflationary periods.

Historically, however, gold remains under pressure while central banks raise interest rates to quell inflationary pressure. When the market anticipates that the upward trend in rates is about to come to an end, THAT is when the precious metals go markedly higher.

ARGUMENT #2 FISCAL



During the 2008 financial crisis, American policy makers supported and stimulated the economy by running a colossal \$1.8 trillion-dollar deficit as a response to the imploding economy. This injection of financial stimulus was unprecedented at that time; however today it is routine. The same policy makers, who back in 2008 assured us that their massive fiscal spending was a once in a lifetime generational event, have now normalized government spending that now exceeds the emergency measures taken in 2008. The 2023 fiscal deficit will approach two trillion dollars - at a time of relative peace and financial stability. When our politicians brag about the strong economy that they are presiding over, know that they are preaching from towers built on shifting sand. The fiscal stimulus implemented by policy makers during the Covid outbreak has been somewhat nullified by the Fed's reverse repo facility, which has taken excess liquidity from commercial banks and has lodged it at the Fed.

**“Gold cannot
be fooled!”**



However, that money is QUICKLY returning to the economy and will have fiscal implications. These facts are not lost on the precious metals market; gold cannot be fooled, and after declining in price into late September, the gold price started to bounce off its \$1,820 lows into its Wednesday, October 11 close. Then, the following day, gold moved up by approximately \$15; this was followed on Friday, October 13 with an eyepopping \$65 move higher. The small correction that was met by the gold market on the following Monday, Oct. 16th, in an unusually quiet day in the market, supported perfectly my view that “the low is in” and will not be retested anytime soon – perhaps never in our lifetimes.

ARGUMENT#3 – SOCIAL

There are times in history when people WANT war. Indeed, has there even been a time in history when there were not significant swaths of mankind looking to wage war? Since 1300 BC, there have been at least 14,000 wars; the world has rarely, perhaps never, known a full day of genuine global peace. With war raging in the Middle East, Ukraine, and the Sudan; can Taiwan be far behind? There are many people willing to spend blood and treasure in a roll of the dice, convinced that their side can be victorious. Cooler heads, however, remind us that there is nothing more expensive that humans can do than engage in war. The results of fiscal demands from war expenditures at a time when almost every country on the planet is effectively bankrupt will be enormous and long lived. ALL fiat currencies will be devalued (in relation to real assets), including the almighty US dollar. And some currencies will be destroyed completely.



ARGUMENT #4 – TECHNICAL



The gold price in \$USD says it all! Gold has traded to \$2,050 exactly three times in its history - all within the last few years. It has been said by many market technicians that there is no such thing as a true “triple top”, and in my experience this is true. Once a discernable triple top has been identified, it is just a matter of time before that resistance level is exceeded. However, the third “top” does not necessarily portend an immediate move to higher prices; the peak often must form its left side, and often this downside chart action catches many offside, causing great pain for those betting on the theory of the instantaneous triple top. This action, however, does not negate the triple top theory and the triple top reality. Once gold re-tests the \$2,050 top, it will drive prices \$100-\$150 higher very quickly - like a hot knife through butter. It is going to be spectacular; it is going to be but one of many upward moves that will define this new bull market for precious metals.





Guanajuato
Silver CO
LTD

GET IN TOUCH

GUANAJUATO SILVER

578 - 999 CANADA PLACE

VANCOUVER, BC V6C 3E1



GENERAL INQUIRIES

INFO@GSILVER.COM



604-670-8460



INVESTOR INQUIRIES

JJJ@GSILVER.COM



604 723 1433

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. In addition, 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.



Mining
Discovery



michael.clark@miningdiscovery.com



mike.clark1092@gmail.com



+1 (862) (295) (0117)



www.miningdiscovery.com