



# Silver Report 2021

Everything you need to know about the precious metal silver!



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Charts from 11/16/2021  
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## Preface

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Dear Readers,

We started our special report series (which also includes a precious metal report, a battery metals report and a uranium report) in 2016 with a silver report and in this issue, we are once again presenting you with a lot of information on what will probably be the most important metal of the coming decades. Because silver is finding more and more applications. Especially the boom markets photovoltaics, electromobility and medicine will play an increasingly decisive role in the coming years. There are already signs of an enormous growth in demand for silver in these sectors, which will not be covered by the current mines.

However, the non-industrial sector also recorded inflows into ETFs that were never thought possible since the start of the Corona pandemic soaked a lot of physical silver up of the market. This has even come close to offsetting the Corona-induced dip in industrial demand. In view of the ever-expanding money supply, silver will certainly continue to enjoy high demand from the investment sector in the coming years. Nevertheless, demand growth, especially from the industrial sector, can be expected in the future. The photovoltaic and automotive sectors in particular will easily double their demand for silver in the coming years. Although copper has the edge as a cable connection, silver is indispensable as a perfect electrical conductor in power generation modules and electronic components (keyword: semiconductors).

Moreover, a highly manipulated silver futures market could become highly distressed in the foreseeable future when it comes to having to cover physical supplies.

In this silver report, we will introduce you to some interesting companies that are suitable for speculating on rising silver prices. We also want to give you the necessary basic knowledge through our general section so that you can make your own decisions.

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My team and I hope you enjoy reading the Special Report on Silver and hope to be able to provide you with lots of new information, impressions and ideas.

Yours, Jochen Staiger



Jochen Staiger is founder and CEO of Swiss Resource Capital AG, located in Herisau, Switzerland. As chief-editor and founder of the first two resource IP-TV-channels Commodity-TV and its German counterpart Rohstoff-TV, he reports about companies, experts, fund managers and various themes around the international mining business and the correspondent metals.



Tim Rödel is Manager Newsletter, Threads & Special Reports at SRC AG. He has been active in the commodities sector for more than 15 years and accompanied several chief-editor positions, e.g. at Rohstoff-Spiegel, Rohstoff-Woche, Rohstoffraketen, the publications Wahrer Wohlstand and First Mover. He owns an enormous commodity expertise and a wide-spread network within the whole resource sector.

## Silver:

**Constantly new application possibilities and booming industries such as electromobility and photovoltaics let the future demand explode!**

### **„Silver is just a niche commodity for conspiracy freaks!“**

If you ask around among investors in private circles, you will quickly notice that hardly anyone has silver on their radar as an investment. If at all, the metal is considered the „little brother of gold“ and gold is anyway only something for conspiracy theorists and nutcases. After all, it doesn't yield interest. Well, a current account or a savings account doesn't do that anymore, on the contrary, sometimes even negative interest rates are due and in times of high inflation the yield of a call money account etc. is far in the negative range. Silver is hardly perceived as a protection against inflation, as it can fluctuate strongly in price. This may be true for a short-term time horizon, but in the medium or even long-term, you can hardly go wrong with silver - just like with gold.



(Source: www.ORENELBAZ.com)

### **Silver posted top returns recently + First big players active!**

In the years 2009 to 2020 alone, physical silver generated an average annual return of 11.2% in euro terms. In US\$, it was still 9.58% appreciation - per year, mind you!

The fact that silver is currently still far undervalued and that the price of the precious metal on the COMEX futures exchange is possibly being artificially depressed has also

been recognised by groups such as „Wallstreetbets“, which have been organising themselves in the form of „Wallstreetsilver“ since the spring of 2021, are increasingly investing in physical silver or silver ETFs and are thus attempting to tighten the silver supply. Last but not least, the first big players like the Canadian commodity mogul Eric Sprott have long been massively positioned to profit massively from the coming silver wave.

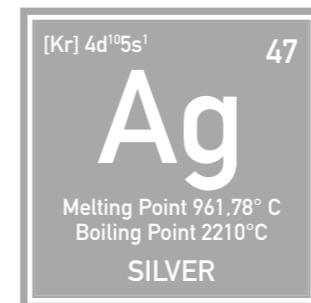
### **Many new industrial applications on the way**

However, very few people are aware that most silver is not used for investment purposes. According to „The Silver Institute“, around 57% of all silver demanded in 2020 went to industry (including photography). Although this means that the percentage of silver used for industrial purposes remained relatively constant, it is already apparent that a veritable explosion in demand can be expected from this sector in the future. The energy sector in particular (in the broadest sense) will play a dominant role. The use in photovoltaic systems, which are already experiencing a new boom, as well as in many components for electromobility and, in the future, also for energy storage, will lead to demand from the photovoltaic sector alone increasing by up to 40% and from the electromobility sector by up to 60% in the next 4 to 5 years. A quantity of silver that cannot be met so quickly from existing or planned mines. But also in the medical field, when it comes to coatings or nano-applications, the possibility, even necessity for the use of silver is growing exponentially!

In the following you will get some basic information about the hybrid metal silver as well as an assessment of where the journey will lead in the coming months and years.

## **The element silver**

Silver is a chemical element with the element symbol Ag and the atomic number 47 and belongs to the so-called transition metals, to which the precious metals also belong. From a purely chemical point of view, precious metals are metals which are corrosion-resistant, i.e. which are permanently chemically stable in a natural environment under the influence of air and water.



Silver is a soft, easily malleable heavy metal with unique characteristics, such as the highest electrical conductivity of all elements and the highest thermal conductivity of all metals. It is precisely these characteristics that make it an indispensable metal for industrial applications. The metal is finding its way into more and more high-tech areas such as photovoltaics or the electric car, but also in medical applications, which are experiencing an immense technological boost right now during the Corona crisis.

But silver is much more: unlike gold, it is sometimes bound for many years in appropriate applications (e.g. photovoltaic panels), with the sheer volume of potential applications growing steadily with technical progress.

In addition to being an industrial metal, silver is also an investment object (hence the term „hybrid metal“). Like gold, it is basically money and serves to preserve value. It can also be seen as a kind of hedge against progressive inflation.

### **Silver with hybrid function**

While gold is mainly used as an investment, to preserve value and in the form of jewellery (less than 10% of annual demand comes from industry), silver has a kind of hybrid function. This means that most recently about 57% of total silver demand came from industry (including photography), while the rest was mainly demanded by the investor side in the form of bars and coins as well as by the jewellery industry.

### **Main applications: Electronics, alloys, photography, pharmaceuticals/medicine.**

Its top values in important characteristics (highest electrical conductivity of all metals, high thermal conductivity and pronounced optical reflectivity) make silver indispensable above all in the fields of electrics (photovoltaics), electronics (electromobility) and optics or photography. In addition, there are applications as silver alloys (with copper, zinc, tin, nickel, indium), which are used in electrical engineering and soldering technology as soldering alloys (so-called hard soldering), contact materials (especially in relays) and conductive materials (for example as capacitor coatings). In the future, the pharmaceutical and medical sectors in particular are likely to trigger a further, greater surge in demand. As silver has antibacterial and - currently particularly important - antiviral effects, it is already seen as a potential saviour in medical and pharmacological applications.

## **Supply situation**

### **Silver production down sharply - Mexico, Peru and China are by far the biggest silver producers**

According to „The Silver Institute“, global silver production peaked in 2016 at around 899.4 million ounces. Since then, annual sil-

ver production fell to 833.2 million ounces by 2019. In 2020, global silver production recorded a downright collapse to only 784.4 million ounces due to Corona, falling below the 800-million-ounce mark for the first time since 2012. For 2021, the experts of „The Silver Institute“ expect an increase in production to 848.5 million ounces. With an annual production of almost 180 million ounces, Mexico ranks first among the producing nations, followed by Peru (110 million ounces) and China (108 million ounces). These three countries are thus together responsible for about half of global silver production.

#### Silver is mainly extracted as a by-product

Only about a quarter of the annual silver production comes from mines in which silver is the primary raw material. Most of it, on the other hand, comes from mines where silver is only a by-product, i.e. primarily from zinc/lead mines, but also from copper and gold mines.

#### Weak base and precious metal prices cause silver production to fall overall

For years, this high dependence on base metals such as lead, zinc and copper meant that weak base and precious metal prices and the associated mine closures or at least reductions in the corresponding base metal pro-

duction also had a negative impact on the production of silver as a by-product. Thus, price declines - especially for copper, but also for lead - in recent years ensured that silver production only increased marginally and has been declining since 2016. For the coming years, an increase in the prices of base and precious metals is to be expected, which is primarily due to the expected closure of several medium-sized to large zinc/lead mines and further to an enormous investment backlog, which has accumulated in the past years due to the weak price development. Corresponding mine projects have been put on hold and have only been developed inadequately. As a result, these projects are likely to be brought into production only after a long delay.

Overall, global silver supply in 2020 (including recycling) saw a decline of about 4%, or 42.5 million ounces, to 976.2 million ounces. Silver production (excluding recycling) fell by 5.9% and production from primary silver mines by as much as 11.9% compared to 2019. Only production from copper mines increased by 3.5%, which is likely due to higher copper prices and the associated increased mining activity in this area.

#### Silver companies prioritized cost savings and are now holding back silver stocks

The development of the mine pipeline for primary silver mines also stalled in the past years with weak silver price development, mainly because the silver companies had to deal primarily with getting their cost structure under control. The high silver prices, especially from 2010 to 2012, ensured that mines were commissioned that had all-in costs of over US\$ 20 per ounce. These quickly became unprofitable after 2012. Instead of closing them, however, the companies have since tried to drive down costs. This left little time and even less money for elaborate exploration and development programs. In the meantime, the vast majority of companies have been able to reduce their costs to a tolerable and, for the most part, profitable level.

Silver supply (blue) and silver demand (gray)  
(Source: own representation)



Quite the contrary: Recently many silver miners were able to book decent profits, which made it possible for some of them (among others First Majestic Silver) to even leave mined silver in stock and wait for a higher silver price to sell.

#### Recycling share rises marginally from low level

Silver recycling fell since 2011 from 233 million ounces to just 164.5 million ounces by 2016. Since then, the recycling sector has been able to make some gains again and increased its supply to 182.1 million ounces of silver by 2020. A further increase to around 196 million ounces is expected here for 2021.

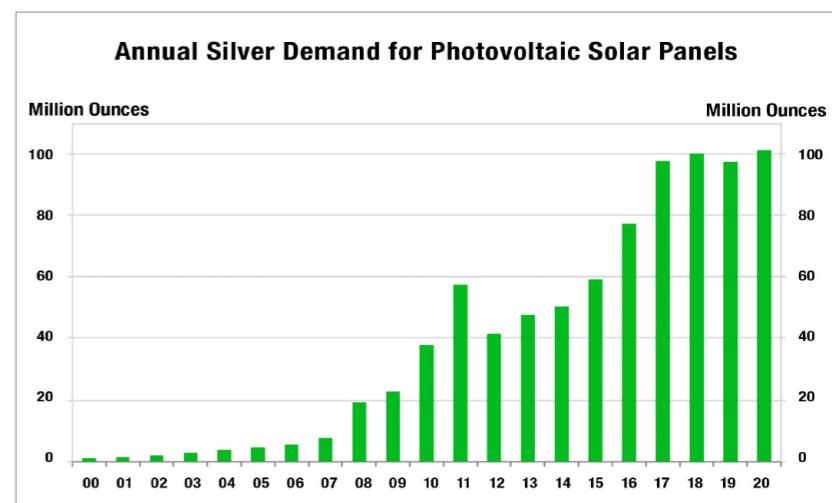
### Demand situation

#### Silver demand slumped Corona-related – ETPs create „positive bias“

Total silver demand (excluding ETPs) reached a record high of about 1.071.2 billion ounces in 2013 and fell from an extremely high level to about 995.4 million ounces by 2019. 2020 saw a Corona-related plunge of nearly 100 million ounces to 896.1 million ounces. However, if one includes the net inflows into the global silver ETPs (exchange-traded product), which are physically backed, the picture is completely different.

#### Demand from jewellery sector and industry down

The jewellery sector recorded the sharpest drop in demand in 2020, with a decline of over 50 million ounces or 26% compared to 2019. Silverware even slumped by almost half. In the industrial sector, the decline in demand was still quite moderate at 5% to 487 million ounces, mainly due to the photovoltaic sector. The photography sector, on the other hand, demanded 16% less than in 2019.

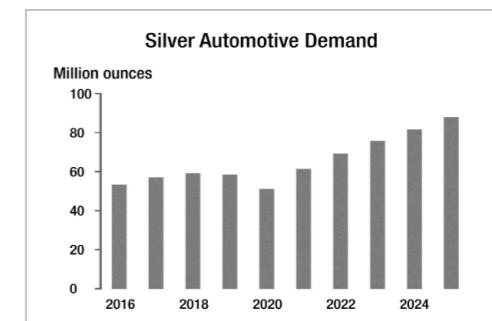


(Source: own representation)

#### Photovoltaic and automotive sectors experience rapid growth in demand

Since 2011, the photovoltaic sector has played a weighty role in silver demand. This doubled within 10 years to 101 million ounces by 2020, with an increase in this area even in the crisis year 2020 compared to the previous year. Several nations, primarily the USA within the framework of its „Green New Deal“ and China want to strongly expand the share of photovoltaic capacity. Experts expect that demand from the photovoltaic sector could increase to as much as 140 million ounces per year by 2025. The decisive factor, however, is the fact that this means that more and more silver will be tied up in corresponding solar modules for at least 20 years!

The automotive sector should also provide further impetus. Silver is increasingly used in a variety of electronic components, the sheer number of which in electric vehicles – compa-



(Source: own representation)

red to vehicles with internal combustion engines - is greatly increased. In addition, silver is considered an important conductor in battery packs and solar panels for car roofs. 50 million ounces were demanded by the automotive sector alone in 2019. In 2010, there were just 10 million ounces, and about one million in 2000. By 2025, leading silver producers such as First Majestic Silver expect demand to rise to over 80 million ounces per year. The development of a new type of battery based on zinc and silver should also be interesting.

### Demand for physical silver continues to rise – inflows into silver ETPs will continue to play a major role!

Demand for physical silver continued to grow in 2020 despite, or perhaps because of, Corona and its (economic) consequences. Demand for coins and bars rose by around 15 million to 200.5 million ounces from 2019 to 2020. For 2021, „The Silver Institute“ expects a further increase to around 250 million ounces.

Global silver ETPs, which saw outflows of 21.4 million ounces in 2018, already saw net inflows of 83.3 million ounces in 2019. In 2020, net inflows really exploded to 331.1 million ounces. For 2021, „The Silver Institute“ expects a decline in net inflows, but still assumes a high level of about 150 million ounces of silver.

### Summary: Corona recovery will trigger silver boom

For years, there was an oversupply in the silver sector, which - thanks to increased inflows into silver-backed silver ETPs - turned back into a healthy supply deficit of 60 million ounces in 2019. In 2020, including ETPs, a supply deficit of 251 million ounces was actually recorded. For 2021, a supply deficit of more than 120 million ounces is likely. All in all, global silver demand should rise again in the coming post-Corona years. In addition to expected ETP inflows and physical demand

at a high level, a partly drastic increase in demand can be expected, especially from the medical/pharmaceutical sector and the (upcoming) boom sectors of electromobility/storage and photovoltaics.

On the supply side, most primary silver producers have concentrated on reducing mining prices in recent years due to the continuing slump in silver prices. Particularly savings were made in exploration, which led to the fact that virtually no larger deposits were discovered in the past few years. And also, price weaknesses in several base metals caused the development of mines that produce silver as a by-product to be postponed for the time being. Many companies are planning to hold back their own stocks and thus dry up the silver market to a certain extent or have already done so - the margins currently allow it. However, this could also result in a lack of money for exploration activities, or such activities could be postponed to the future.

It is precisely its hybrid function that should drive silver to new price levels in the post-Corona era. On the one hand, there is a good chance of a strong expansion in demand due to an expected economic upswing (and especially from (future) high-tech boom sectors) and on the other hand, however, there is also a continuing high demand from the investment sector, as many investors want to protect their savings from increasing currency devaluation and will invest in silver.

### The best silver stocks promise multiplication potential!

On the other hand, the corresponding stocks are still strongly undervalued compared to the major (standard) indices. We have taken this as an opportunity to present some promising silver companies to you below. We focus primarily on development companies with extremely promising projects and on already producing mining companies with established and profitable deposits.



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# Interview with Prof. Dr. Torsten Dennin – CIO Asset Management Switzerland AG



Prof. Dr. Torsten Dennin is CIO of Asset Management Switzerland AG, which specialises in discretionary asset management for companies and private individuals. He is also the founder of Lynkeus Capital, a Swiss-based investment boutique specializing in commodities. Since 2003, Prof. Dr. Dennin has been analyzing the international commodity markets as well as the global equity sectors Oil&Gas and Metals&Mining. Until mid-2017, Dr. Dennin was head of strategy and research at Tiberius Asset Management AG. Prior to that, Dr. Dennin was Co-Head Natural Resources for VCH Vermögensverwaltung (2010-2013) and Portfolio Manager for Deutsche Bank AG in Frankfurt am Main from 2003 to 2010. During this time, he was responsible for the investment decisions of several commodity funds.

**Prof. Dr. Dennin, precious metals are in demand and in a long-term uptrend. And silver in particular has recently outperformed strongly. What is behind this?**

In March 2020, silver briefly fell below US\$12, its lowest price since the global financial and economic crisis of 2008. The gold/silver ratio, which indicates gold's attractiveness relative to silver, swung lower than at any time in the past 50 years. It was a painful moment for the silver industry, which always seemed to be overshadowed by gold. Silver's better performance against gold since then is a first breath after this extreme mispricing.

Measured from that March 2020 low, silver has more than doubled, and has already tested the US\$30 level twice - but without exceeding it. This is because the economic recovery after the Corona crash and the booming stock markets makes precious metals like gold and silver look unattractive at first glance. Gold is currently trading around US\$1,800, and the troy ounce of silver at US\$24. However, there is much to suggest that this is a case of „catching one's breath“ before a further structural rise. For rarely has the environment for precious metals and the shares of gold and silver miners looked as good as it does today!

In detail, the conditions are reminiscent of the last great cycle in the 1970s. The USA fired up the printing press to finance the war in Vietnam and at the same time buried the monetary system in its hitherto known form, the core of which was the world's reserve currency, the US dollar, backed by gold. Economic growth fell short of potential growth, and eventually the price level also rose - stagflation ensued. As a result, gold rose in price by almost 800%, and silver traded at around US\$120 when adjusted for inflation.

Today, all countries are firing up the virtual printing press in the fight against Corona.

Our 50-year proven monetary and financial system is reaching its limits. And despite years of quantitative easing by central banks, economic growth in Europe and the US has lagged behind its long-term trend. If the economic fundamentals follow a similar path today – that is, if history rhymes – then the prices of gold, silver, platinum and palladium will be very encouraging over the next few years. Perhaps we are indeed only at the beginning of a Golden Decade for precious metals, the silver lining of which is just beginning to appear on the horizon.

**Did the Corona crisis and all its side effects give the precious metals sector an additional boost?**

In my opinion, this connection is misrepresented in many media: Neither do fears of a virus cause gold prices to rise, nor will gold prices collapse after widespread vaccinations. Rather, the connection is fundamental: the government's economic policy response to Corona and Lockdown is an orgy of debt on an unprecedented scale. To keep this from rocking our monetary and financial system, interest rates must remain low for the foreseeable future.

Low interest rates, a large expansion of the money supply and an erosion of confidence, in the long-term sustainability of government debt is the push that has awakened precious metals from their slumber. If inflationary tendencies are added to the mix, we are in for a perfect storm for precious metals like gold and silver.

**How do you think the four most important precious metals gold, silver, platinum and palladium will fare in 2021/2022? What price levels can investors expect over the next 12 to 18 months?**

American investment houses are among the most aggressive in their price forecasts. A

price target of US\$3,000 was written on its banners by Bank of America, and the consensus estimate from most financial institutions is between US\$2,000 and US\$2,200. The fundamental conditions are right, and technically the gold price is in a long-term uptrend. Silver is lagging the gold price in this regard. Although silver has repeatedly attempted to reach the US\$ 30 price level, it has not yet been able to overcome it. In order to surpass the highs of 1980, the troy ounce of silver would have to climb to over 50 US dollars (adjusted for inflation even to over 120 US dollars). Compared to gold, this is still a very large catch-up potential.

Demand for platinum group metals is negatively affected by the trend towards e-mobility. Also, an important factor in asset investment is market size and related issues such as tradability, liquidity and risk in terms of value fluctuation (volatility). The markets for platinum, palladium and rhodium together are only a fraction of the size of the silver market - investors need to be aware of this.

**Time and again, fears of a gold ban arise among precious metals investors. How realistic do you think such a scenario is and how should one protect oneself against it?**

Most investors probably consider a ban on gold ownership to be completely improbable, but people overlook the fact that in Germany private ownership of precious metals was repeatedly subject to bans and restrictions between 1923 and 1955. In the world's most important economy, the U.S., a ban on private gold ownership even lasted from 1933 until late 1974, which is one reason why the Hunt brothers speculated in the silver market instead of stacking gold bullion. With the onset of the Great Depression, the government at the time forced its citizens to turn over their gold to the central bank at a fixed exchange rate. And here lies the common root: a ban on gold ownership is usually enacted by governments when states find

themselves in a currency crisis. Like Turkey, which recently banned its citizens from using Bitcoins to make payments because of it.

And we too are not far from a monetary crisis due to the immense distortions of the Corona crisis.

One glimmer of hope is that gold bans have never been particularly effective, because unlike other valuables, gold could be easily hidden and kept out of the reach of the state. Even if the likelihood of another gold ban is low, it cannot be ruled out. Investors who want to play it safe should consider buying shares in gold and silver mines. Because to ban private share ownership would be tantamount to abolishing capitalism and the market economy. And with current gold and silver prices of around 1,800 and 25 US dollars respectively, the operators of gold and silver mines are promising record profits.

**In addition to your role as CIO of Asset Management Switzerland AG, you are also a professor of economics and active at the Berlin Institute of Finance, Innovation and Digitalization. How do you reconcile these tasks, and what do you do better than your competitors?**

As a bank-independent financial services provider, Asset Management Switzerland AG specialises in business with high net worth private and corporate clients. As an asset manager, it is sometimes important to swim against the tide in order to protect clients' assets. For example, we use capital-preserving real asset strategies as well as innovative savings plans on precious metals and cryptocurrencies. Research and teaching at the university and collaboration on projects at the Berlin Institute of Finance, Innovation and Digitalization regularly shows us new impulses. Examples are in the area of sustainability, which is also becoming an increasingly important topic for precious metals, and new technologies such as blockchain

## Gold and silver: not only insurance, but also liquidity and good performance – Expert interview with Christian Brenner, Managing Director and Chairman of the Board philoro SCHWEIZ AG

and cryptography. This combination of theory and practice is a success factor for our customers. Our partners in alternative investment opportunities such as Lynkeus Capital, Angelmountain Global Wealth and SRC Swiss Resource Capital also benefit from this.

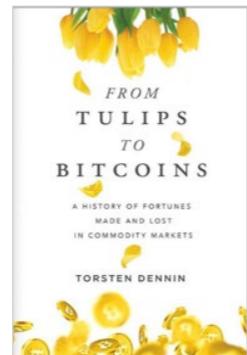
Example: In the current positive market environment for gold and silver, gold and silver mining stocks often have a much more positive investment performance, as rising prices are often reflected as a „multiplier“ in the company's earnings and value. With the SRC Mining & Special Situations Certificate, we have launched an investment product that focuses on gold and silver mines. With a performance of +65% since inception in September 2019, this is super timing! An important factor here is the regular exchange with the management of each of our portfolio companies.

*In your books „Lukrative Rohstoffmärkte – Ein Blick hinter die Kulissen“ and „Afrika. Kontinent der Chancen“, you repeatedly address the topic of commodities. What is it about commodity markets that fascinates you so much?*

In „Afrika. Kontinent der Chancen“ I show the attractive development opportunities of commodity projects in gold, silver and precious stones, among others. Africa is a continent that most investors still ignore - wrongly! Take a look at the development of Lagos, for example: With almost 15 million inhabitants, this city in Nigeria is the second largest agglomeration on the African continent. Since the 1970s, this city alone has exploded by a factor of 10!

„Lukrative Rohstoffmärkte“, on the other hand, focuses entirely on commodities - crude oil, natural gas, copper, gold and silver: all fascinating markets with their own dynamics. In summary, what excites me about commodity markets are the individual stories and

the tangibility. You can touch a ton of copper, just like a barrel of crude oil or a gold bar. Because in the current capital market environment, tangible assets such as commodities and especially precious metals are playing an increasingly important role.



Torsten Dennin  
**From Tulips To Bitcoins**  
Greenleaf Publishing  
May 2019,  
ISBN 9781632992277

*Your current book „From Tulips to Bitcoins“ is an international bestseller and is already being launched in the US in a second, updated edition in 2022. What can precious metals investors in particular take away from it?*

I am pleased that „From Tulips to Bitcoins“ has found such broad appeal and has now been translated into six languages, including Korean and Chinese. The unifying theme is market speculation and financial bubbles: The tulip mania in Holland in the 17th century was considered the biggest bubble in financial markets for almost 400 years, until the Bitcoin bubble burst in 2017/2018. The systematic of most bubbles is always the same. This is because the formation of financial bubbles in the capital markets is part of our free-market economic system, and when a bubble bursts, things get very uncomfortable in the financial markets. Currently, we are living in a debt bubble, fed by the money creation of central banks to finance government Corona bailouts. Precious metals have a long tradition as a crisis currency and can help to secure assets even in uncertain times.

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*Mr Brenner, inflation is suddenly on everyone's lips. What do you think is the reason for this and how do you see things developing next year?*

Life as we know it is simply getting more expensive. In the US and the EU, the money supply has been massively expanded over the last 2 years. In the US, for example, the central bank balance sheet has more than doubled from \$3.7 trillion at the end of August to \$8.5 trillion. At the same time, the supply of products and services has been reduced or now only increased back to pre-Corona levels. As a result, this loose monetary policy is now being reflected in inflation; we are seeing consumer prices rise. From January through September, the U.S. consumer price index CPI has already risen 4.7%. Annualized to 2021, then, we expect 6.3% inflation in the U.S., more than three times what the Federal Reserve actually wants to see. This means that central bank policy is the main driver of inflation, not the „restart“ after the lockdowns or other factors. Right now, there's no end in sight for us there. Especially since energy prices are also shooting up dramatically, which in turn has an impact on consumer prices. We expect to see high single-digit inflation in the US in 2022 as well. And that is also driving inflation in the other economies.

*Precious metals are moving sideways after a top performance in 2020. What do you think is the main reason for this? Gold should perform better when inflation is high, right?*

Since the beginning of the year, gold has been moving in a band between 1700 and 1900 dollars per ounce and reacts quite strongly to any announcements by the US Federal Reserve Bank that go in the direction of tapering, i.e. curbing bond purchases. Also, better-than-expected labor market data or higher-than-expected inflation readings have repeatedly led to a sell-off in gold and

silver over the past few months. Illogical reality, but the market expects that if the news is „good“ the Federal Reserve will now have to slowly end its loose monetary policy, i.e., wind down bond purchases and then slowly raise interest rates again. This would theoretically be bad for gold, as real interest rates (inflation minus the central bank rate) would be less negative. However, this does not necessarily have to happen.

*What do you mean?*

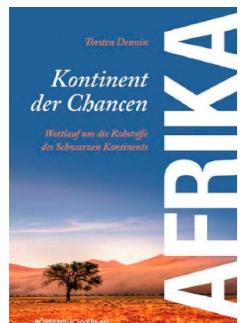
On the one hand, it is not certain whether the central banks could even significantly reduce bond purchases without causing a major market crash, and on the other hand, even then it would not be certain whether the zero-interest rate regime could be abandoned quickly enough to keep pace with steadily rising inflation. We rather believe that real interest rates will remain well into negative territory (currently they stand at minus 6% in the US!) and we see great opportunities for a breakout in gold and silver prices as soon as this realization materializes in the market.

*Last year many bullion dealers, but also mints, reported delivery bottlenecks again and again or were not able to serve customer requests at all. How does it look this year?*

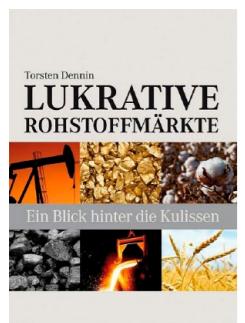
The philoro group is one of the leading precious metal dealers in Europe and we have very good contacts to the mints and also to other wholesalers around the world. With the advent of the Corona crisis in the spring of 2020, some dealers were unable to deliver. We, on the other hand, were able to service all customer orders, thanks to our good network. We are in constant contact with the mints so that we can see a bottleneck in time and act accordingly. In the spring, there was a real „run“ on silver with the so-called „silver squeeze“ and production was already at full capacity. However, we can switch to other



Christian Brenner was born in Vienna in 1979. Today he lives and works near St. Gallen in Switzerland. He is Chairman of the Board of Directors and Managing Director of philoro Schweiz AG as well as Managing Director of philoro EDELMETALLE GmbH in Germany. He studied communications at the University of Vienna and then spent almost ten years as an account manager responsible for planning and implementing successful media strategies at SevenOneMedia Austria – ProSieben-Sat1 AG and AEGIS Media Austria. His clients included well-known national and international brands. The founding of philoro together with his brother Rudolf Brenner in 2011 marked the beginning of his successful entrepreneurial career. At philoro, he also devotes himself intensively to the areas of marketing and CRM and, for the constant and strategic further development of the brand, relies on the constant observation of medium and long-term brand and market perspectives, about which he is happy to provide information.



Torsten Dennin  
**Afrika – Kontinent der Chancen**  
Börsenbuchverlag, April 2013



Torsten Dennin  
**Lukrative Rohstoffmärkte**  
FinanzBuch Verlag, 2. Auflage, Oktober 2011

products in the event of delivery delays for one product and thus always offer our customers alternatives. Where it is really rather difficult at the moment is to get hold of physical platinum and palladium. There is a real shortage here.

*If the run on silver continues or intensifies, do you think the COMEX futures system could be shaken by it one day?*

In terms of volume, the gold and silver futures markets are among the markets with the largest trading volumes per day anywhere. Distortions and discrepancies are quickly exploited. Also, short and quick price rises are immediately used by mine operators to lock in profits. Physical delivery of the futures is usually not provided for, so the COMEX is really a „paper trading“ system. The physical market is quite different, so there are often rumors that there is not enough physical precious metal. Under normal circumstances, we don't see any problems with the COMEX. However, if there is a prolonged period of uncertainty in the markets, it is possible that customers will increasingly demand physical delivery. Should there then be shortages, we assume that the price will rise, and the system will continue to function. The invisible hand of the market would solve the problem! We sell physical precious metals anyway and our customers always get their goods sent or delivered immediately after they have paid. Our customers are therefore only marginally affected by such a scenario, or then only in a positive sense, if the gold price should rise as a result.

*What advice would you currently give to investors interested in precious metal investments? Is there a secret recipe for asset protection in times of negative interest rates and the threat of inflation?*

The good thing about gold is that it is not only an important portfolio component as insurance against the unforeseen, but also as protection against inflation. It has been able to retain its intrinsic exchange value over

thousands of years. On top of that, gold is also very liquid. Switzerland's largest pension fund has a substantial gold position and recently justified it by saying that even in times of great stress, gold could always be bought and sold, for example in March 2020. It was difficult to sell US Treasuries for over a week at that time, but gold was liquid at all times. In addition to holding a percentage of physical gold, we still advise our investors to add silver as well. Although the white metal is much more volatile, its performance over long periods has actually been slightly higher than gold in some cases. Over the past 15 years, silver has generated an average return of 7.1% and gold 6.4% in Swiss francs. Per year, mind you. In euros or US dollars, the annual performance was even better, as the currencies weakened against the franc. What asset can you say that about: insurance, inflation protection and performance. All in one!

*When is a good time to get in?*

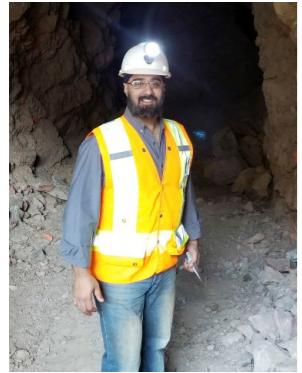
Every day is a good day to buy precious metals. With inflation rising significantly, we see a lot of potential upside over the next few months and for 2022. It is also important to buy in tranches. That is, if you have an allocation target, don't buy all at once, but perhaps on 3-4 different dates. After that, it pays to buy in regularly to „smooth out“ the purchase price. Ultimately, when it comes to asset protection, the price paid is secondary, since gold and silver are intended to secure purchasing power and we assume anyway that the price trend of precious metals is significantly better than cash.



EVEN IF WE  
DISCOVER  
NEW WORLDS.

THE FUTURE  
IS GOLD.





Taj Singh, CEO

Discovery Silver is a Canadian mining development company focused on silver and silver-zinc-lead projects in northern Mexico with one of the largest undeveloped silver deposits in the world. The company recently announced a new resource estimate for its flagship Cordero project. In total, Discovery Silver's resource base is over 1.05 billion silver equivalent ounces!

### Cordero Silver Project – Resource

The Cordero Silver Project is located on the eastern edge of the Sierra Madre Occidental Mountains within the northern extent of the Central Mexican Silver Belt. The approximately 35,000-hectare project area is also located in one of Mexico's leading porphyry and carbonate replacement deposit districts and is similar to well-known nearby precious metal mines (e.g. Newmont Goldcorp Corporation's Peñasquito Mine) and projects (e.g. Orla Mining Ltd.'s Camino Rojo Project).

The bulk tonnage potential of the Cordero deposit was first recognized, and tested, in 2009 by Levon Resources Ltd, which Discovery acquired in August 2019. The resource estimate for the project, captures a massive inventory of silver-zinc-lead-gold, making it one of the largest undeveloped silver deposits in the world, providing exceptional leverage in a rising silver market.

The most recent resource estimate to date, compliant with Canadian Resource Calculation Standard NI 43-101, is from October 2021, which showed Cordero has measured and indicated sulphite resources of 837 million silver equivalent ounces at an average grade of 48g/t, and inferred sulphite resources of 119 million silver equivalent ounces at an average grade of 34g/t silver equivalent. This includes a high-grade subset - at an NSR cut-off of \$25/t a measured and indicated resource of 509 million silver equivalent ounces at an average grade of 101g/t silver equivalent. In addition, there are measured and indicated

oxide resources of 74 million silver equivalent ounces at an average grade of 23g/t silver equivalent and inferred oxide resources of 22 million silver equivalent ounces at an average grade of 20g/t silver equivalent. The resource is limited to one pit and has an estimated waste to ore ratio of 1.1. It is based on 224,000 metres of drilling in 517 holes and re-interpreted structural and geological models of the deposit. 87% of the contained metal is in the measured and indicated category.

The resource will serve as the basis for an updated PEA to be completed this quarter. The size of the resource positions Cordero as one of the largest development stage silver projects in the world.

### Cordero Silver Project – A new higher-grade approach

Within the Cordero drill database, there are several hundred individual intervals with silver equivalent values greater than 500g/t and over 1,400 individual intervals with silver equivalent values greater than 200g/t.

These include:

- ▶ 2 metres at 3,878g/t silver equivalent,
- ▶ 6 metres at 2,887g/t silver equivalent,
- ▶ 2 metres at 2,779g/t silver equivalent,
- ▶ 2 metres at 2,311g/t silver equivalent and
- ▶ 4 metres at 2,002g/t silver equivalent.

In addition, Cordero has high grade bulk tonnage potential as evidenced by intercepts of 56 metres of 292g/t silver equivalent, 48 metres of 562g/t silver equivalent, 40 metres of 398g/t silver equivalent and 36 metres of 700g/t silver equivalent.

The objective for a PEA currently being developed is to mine the higher-grade sections first in order to repay the initial capital costs as quickly as possible and then increase mine throughput for the lower grade sections. The PEA is expected to be published by the end of 2021.

### Cordero Silver Project – 2020 and 2021 exploration successes and upcoming exploration plans/catalysts.

The fact that the current resource is not yet fully delineated to the south, north, northwest and at depth has prompted Discovery Silver to begin further exploration campaigns. This has led to several spectacular drill results announced by the company in 2020 and 2021. These include a 34.7 metre intercept averaging 617g/t silver equivalent, including 3.7 metres averaging a whopping 2,524g/t silver equivalent. In addition, 2,153g/t silver equivalent over 1 metre, 1,907g/t silver equivalent over 1.4 metres, 2,007g/t silver equivalent over 1.9 metres and 2,290g/t silver equivalent over 1.3 metres and 1,605g/t silver equivalent over 2.9 metres were achieved. In addition, much thicker silver mineralization was intersected. These include 105.9 metres of 188g/t silver equivalent, 62.8 metres of 217g/t silver equivalent, 402 metres of 134g/t silver equivalent, including 112 metres of 247g/t silver equivalent, 139 metres of 138g/t silver equivalent and 128 metres of 165g/t silver equivalent.

The Company's Phase 1 drilling program at Cordero, which was completed in April 2021, consisted of 75,000 metres of drilling. Phase 2 of the drilling campaign commenced shortly thereafter. During this campaign, the Company encountered additional high-grade intercepts including 1,043g/t silver equivalent over 4.1 metres, as well as 3,934g/t silver equivalent over 1.1 metres and 3,424g/t silver equivalent over also 1.1 metres in the Josefina Vein area. In addition, there were once again longer intercepts that impressively underpinned the bulk tonnage potential of Cordero. These included 258g/t silver equivalent over 66 metres, 448g/t silver equivalent over 46 metres, within a 133-metre interval of 260g/t silver equivalent and 194g/t silver equivalent over a sensational 217 metres, including an 81.9 metre interval of 254g/t silver. Many of these intercepts are at depths from

surface to 300 metres, making them suitable for surface mining.

The program focused on defining and delineating the particularly high-grade zones and upgrading the majority of the existing resource to Measured & Indicated and publishing a robust PEA.

### Cordero Silver Project – Excellent Metallurgy

In September 2021, Discovery Silver announced a metallurgical breakthrough. Sulfide flotation tests returned silver recoveries of 80-89%, lead recoveries of 83-91% and zinc recoveries of 81-90% from completed cycle tests. Oxide and transition cyanidation tests also yielded silver recoveries of 54-80% and gold recoveries of 61-75% at coarse crush/grind sizes from coarse bottle roll tests. The results are the first indication that heap leaching of the oxide and transitional material at Cordero may be economic and represent an important step in risk mitigation for Cordero. All major rock types hosting sulphide ore achieved excellent recoveries using conventional flotation techniques to produce clean, readily saleable concentrates.

### Three advanced projects in the bordering state of Coahuila

In addition to the flagship Cordero project, Discovery owns three other large, drill-ready projects. The land holdings contain hundreds of historic pits with several kilometres of underground development, with no modern exploratory drilling ever having been conducted on the properties before Discovery Silver acquired them.

Recent sampling has confirmed that these projects may be very high-grade projects with extensive mineralisation at or near surface. For example, underground sampling at the Minerva project found grades of up to

8,880g/t silver, up to 37.8% zinc, up to 43.2% lead and up to 2.3% copper and almost 100 other channels with grades above 400g/t silver equivalent. At the Monclova Project in 2019, up to 2,645g/t silver equivalent was found directly at surface and there were many channel samples of 500-1,000g/t silver equivalent. In the Puerto Rico Project area, a historic mining area that produced over 1 million tonnes of ore at an average grade of 40% zinc (+200-400g/t silver), more than 8 kilometres of untested strike length was identified and mapped. Drilling has never been conducted on any of these projects.



Cordero Mining Camp  
(Source Discovery Mining)

### Very good capitalization and investor legend Eric Sprott on board

Since the beginning of 2020, Discovery Silver has raised CA\$60 million through share issuance. Investor Eric Sprott, who is the lar-

gest single shareholder (25% of all outstanding shares), contributed CA\$25 million alone. In addition, founders and management hold about 10% of all shares, and institutional investors hold about 30%. As of September 2021, Discovery Silver had about CA\$80 million in cash.

### Summary: Huge leverage with fresh numbers coming soon

Discovery Silver has one of the world's largest non-producing silver deposits. Cordero has all the attributes of a quality project: grade, size, significant organic growth opportunities and a good location in the mining-friendly state of Chihuahua on a productive silver belt. The stock looks particularly attractive to investors expecting a rising silver price, as a rise in Discovery Silver's silver price of just \$1 translates into a change in the value of the silver of about \$600 million. Therefore, Discovery Silver's leverage is huge, and the project offers much more opportunity and potential for resource expansion. Discovery Silver shares offer a very good risk-reward ratio, especially for investors expecting a much higher silver price in the medium term. In addition, a new PEA focused on smaller initial production, but also much lower capital costs should provide further newsflow and share price momentum.

(2) mineralized oxide "pre-strip" material that sits at surface above the large sulphide ore body responded very well to cyanidation introducing the potential to heap leach this material at the start of the mine life. Both developments should have a positive impact on the overall project economics that will be outlined in our PEA due for release in the coming weeks.

The resource estimate confirms that Cordero is one of the world's largest silver deposits. It also represents a huge step forward in advancing Cordero for two key reasons: (1) close to 90% of the contained metal is in the Measured and Indicated category. This achievement is reflective of the tight drill spacing supporting the resource along with the continuity of mineralization within each estimation domain; (2) the resource demonstrates the large volume of higher-grade mineralization within the deposit.

### What are the most important company catalysts for the next 6 to 12 months?

The major catalyst for the company coming up is the release of a brand-new PEA in Q4 2021. The impressive results from the metallurgical studies and resource estimate (includ-

ing the low strip ratio of 1:1), combined with the adjacent infrastructure, provide a very strong foundation for the project. Our target is to outline an average production rate of at least 15 Moz of AgEq per year for a minimum of 15 years with cash costs in the lowest half of the industry cost curve and we believe if we can do this, we will no doubt have shown and proven that Cordero is a top-tier silver project.

### How do you see the current situation on the market for silver?

Things are starting to look very supportive for precious metals (and what's good for gold is even better for silver, as silver always outperforms gold in a precious bull market). Precious metals companies look fundamentally cheap and oversold, while inflationary pressures continue to increase, and these equities currently present a very intriguing investment case. We believe that junior mining equities, compared to the mid-tiers and senior producers, offer a more favourable risk/reward profile.

## Exclusive interview with Taj Singh, President & CEO of Discovery Silver

### What have you and your company achieved in the past 12 months?

Over the past 12 months we have been drilling aggressively at our flagship Cordero silver project in Chihuahua State, Mexico and working on engineering studies to support a brand-new PEA for Q4 2021. Two recent major items of news we released were results from an extensive metallurgical test program and an updated Mineral Resource Estimate for the project.

The results from this metallurgical test work program represent a major advancement for Cordero. All major rock types hosting sulphide ore returned excellent recoveries (85-90% for Ag, Zn, Pb) via conventional flotation processes to generate clean, highly saleable concentrates. In addition, there were two new positive developments that also emerged from the test work: (1) the highest recoveries were achieved at coarse grind sizes of 175-200 microns, which should help reduce capital and operating costs for the project;

**ISIN:** CA25471U1003

**WKN:** A2DW38

**FRA:** 1CU0

**TSX-V:** DSV

Shares outstanding: 324.9 million

Options: 12.1 million

Warrants: 33.8 million

Fully diluted: 370.8 million

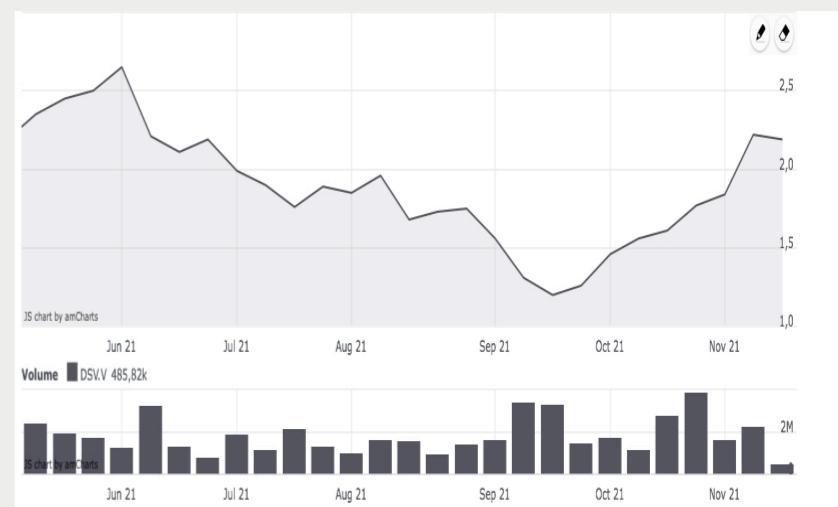
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## Discovery Silver Corp.





Tom Larsen, CEO

Eloro Resources is a Canadian mining development company with multiple, potentially high-calibre silver, gold and base metal projects in Bolivia, Peru and Quebec. The main focus is on the promising metals of silver and tin, which are set to boom as a result of the electrical revolution and increasing decarbonization. The two main projects are considered to be highly under-explored, but hold a high resource potential, as recent drilling has impressively shown.

### Flagship project Iska Iska – location and infrastructure

Eloro Resources flagship project is called Iska Iska and is located in Bolivia, a country known for exceedingly large deposits of gold, silver, iron ore, zinc, tin, lead and lithium, such as Cerro Rico de Potosí, Silver Sand, San Bartolomé, Pulacayo, San Cristobal and San Vicente. The Iska Iska concession is an easily road-accessible, royalty-free project located approximately 48 kilometres north of the town of Tupiza in Sud Chichas Province, Potosí Department. This places the 900-hectare Iska Iska project in the middle of the Eastern Cordillera, which hosts a number of large polymetallic mines and mineral deposits.

### Flagship Project Iska Iska – Historical Exploration Activities

The exploration history of Iska Iska dates back to colonial times when silver and gold veins were mined on a small scale. In the mid-1960s, a tin deposit south of Iska Iska was mined. In the 1990s, this tin property south of Iska Iska was explored by the Bolivian company COMSUR, which carried out a 2,000-metre prospecting program. In 2012, the Villegas family took control of Iska Iska and continued prospecting. It turned out to be a polymetallic (gold, silver, zinc, lead) mineralized area within the old Spanish workings. In 2016, the Villegas family hired Dr. Osvaldo Arce, P.S., president of the Bolivian Geological Society and a highly res-

pected Bolivian geologist. The latter produced a comprehensive textbook on the metalliferous ore deposits of Bolivia. On January 9, 2020, Eloro Resources Ltd. signed the definitive option agreement to acquire Iska Iska.

### Flagship project Iska Iska – geology, own exploration activities and first hits

Iska Iska is a large silver-tin polymetallic porphyry epithermal complex associated with a Miocene, presumably collapsed/churned caldera overlying Ordovician rocks with large breccia pipes, dacite domes and hydrothermal breccias. The age of the mineralization is similar to Cerro Rico de Potosí, the largest silver deposit in the world, which has produced approximately 2.1 billion ounces of silver since the 16th century and is still in production. The initial drilling campaign led to the discovery of the Huayra Kasa Breccia Pipe in November 2020.

Additional drilling has returned 129.60g/t silver equivalent over 257.5 metres directly from surface, 79.00g/t silver equivalent over 121.33 metres and 74.16g/t silver equivalent over 40.88 metres.

The project was further shown to host multiple vents with diameters of several hundred metres. Drilling has confirmed a diameter of 400 metres for the Santa Barbara vent, with a further mineralized envelope of 100 metres around the vent for an effective mineralized diameter of 600 metres. The adjacent Central Breccia vent to the south has a surface dimension of 400 metres by 700 metres. It appears likely that the Santa Barbara and Central Breccia pipes merge at depth. A full range of metals, including silver, zinc, lead, copper, tin, indium, bismuth and gold represent exactly the type of composition one would expect to find in a significant „Potosí-type“ deposit.

Furthermore, the company was able to identify an additional significant vent. This is called the Porco (South) Breccia Pipe, which is approxi-

mately 600 metres in diameter and has a similar signature to the Santa Barbara Breccia Pipe and the Central Breccia Pipe, confirming the likelihood that it is a large Breccia Pipe.

Eloro Resources hit the ground running in April 2021 when it reported 166 metres of 442g/t silver equivalent, including 56.2 metres of 1,092g/t silver equivalent. Other intersections encountered during the year included 53.20 metres at 234.19g/t silver equivalent and 27.53 metres at 342.98g/t silver equivalent as well as 194.14 metres at 160.22g/t silver equivalent. The longest mineralized interval returned 129.65g/t silver equivalent over 300.75 metres.

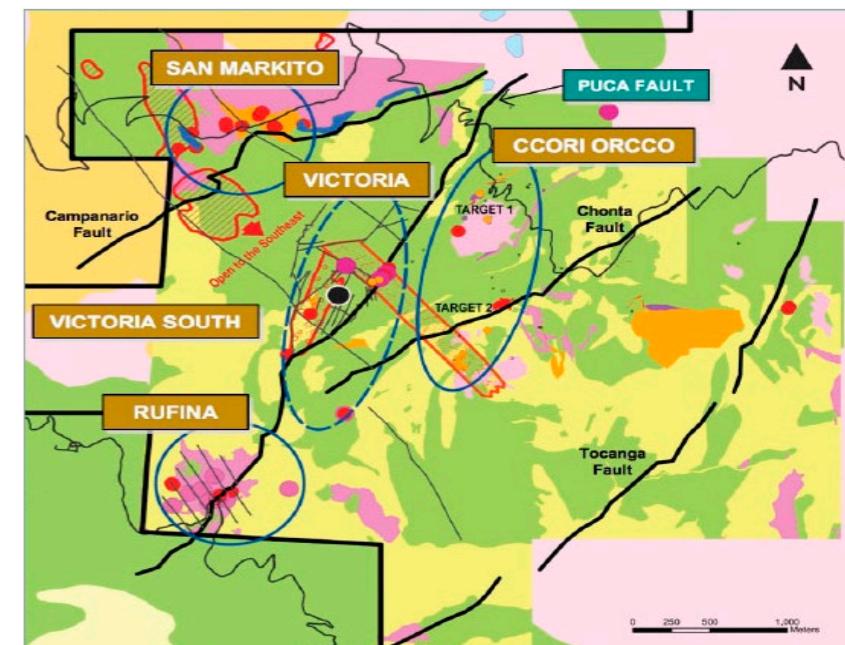
### Flagship project Iska Iska – upcoming catalysts

Currently Eloro Resources is working on deeper drilling to test the breccia pipes at depth. There is high potential to intersect a large tin porphyry. In addition, they are investigating other breccia tube targets in the large silver and tin polymetallic porphyry epithermal complex. Ground magnetics and IP surveys to evaluate breccia tube and potential breccia tube targets are being conducted in parallel. The ultimate goal is to outline a large resource in the Santa Barbara and Central breccia pipes. In doing so, Eloro Resources is advancing an aggressive drill program designed to define an initial NI43-101 compliant resource in a target block that is 1,400 metres along strike, 500 metres wide and extends to a depth of 600 metres in the Santa Barbara Breccia Pipe and surrounding mineralized envelope. A magnetic inversion model recently confirmed an extensive mineralized system at Iska Iska extending over a strike length of 2.4 kilometres.

### Flagship project Iska Iska – Expansion

In October 2020, Eloro Resources acquired nine additional mining claims covering a total of 311.75 square kilometres. These are located

on so-called Aster anomalies with a similar hydrothermal signature to Iska Iska. The targets on these properties include polymetallic silver, gold lead, zinc and tin, as well as other base metals.



La Victoria hosts several drill targets.  
(Source Eloro Resources)

### La Victoria Gold-Silver Project – Location and Infrastructure

Eloro Resource's second potentially high-calibre project is called La Victoria (Eloro holds 82%), located in central Peru and comprises 16 claims totalling 8,930 hectares. La Victoria is surrounded by projects from major mining companies such as Fresnillo, Teck, Anglo American and Vale. Located in the highly mineralized belt of northern and central Peru, the project has access to well-developed infrastructure including road access.

### La Victoria Gold-Silver Project – Geology and Exploration Activities

La Victoria hosts epithermal gold-silver mineralization. Magnetic surveys have outlined 18 main target zones in 3 major tectonic blocks. The current main target areas are in 3 main

## Exclusive interview with Tom Larsen, CEO of Eloro Resources

blocks: San Markito, Rufina-Victoria & Southern Blocks. Eloro Resources previously conducted initial diamond drilling at Rufina in 2017 and 2018. These intersected a large gold-bearing low to medium epithermal system with a width of 600 metres and a vertical extent of 700 metres and a strike length of 600 metres. Significant drill results included 7.31g/t gold over 3.4 metres, 4.31g/t over 1.6 metres, as well as 4.31g/t gold over 1.0 metre and 8.67g/t gold over 0.4 metres.

Further investigation has shown that epithermal gold-silver mineralization at La Victoria extends to a vertical depth of 1.5 kilometres.

In addition, a target area of over 4 kilometres strike length and at least 1 kilometre width has been demonstrated in the San Markito area. The best values from surface trenching were 8.91g/t gold over 0.5 metres and 3.90g/t gold over 1.53 metres.

### La Victoria Gold-Silver Project – Upcoming Catalysts

Eloro Resources plans to conduct a 2,000-metre diamond drill program at La Victoria to test targets at San Markito once a drill permit is obtained. In parallel, trenching and sampling is underway to test an extensive IP chargeability anomaly. Plans are also underway to conduct a preliminary evaluation of the Southern Block, which has a similar geological setting to San Markito.

### Top management team with two formative heads

Eloro Resources is led by an excellent management team, with two individuals standing out in particular.

CEO Tom Larsen has more than 40 years of experience in the investment industry, specializing in corporate finance and management of junior resource companies. In 2006, Mr. Larsen was the founder, Chairman and CEO of Champion Minerals Ltd. and subsequently assumed the position of President and Chief Executive Officer of Champion Iron Limited, a position he assumed following the completion of the merger between Australian-based Mamba Minerals Ltd. and TSX-listed Champion Iron Mines Limited.

Technical & Senior Business Advisor Dr. Quinton Hennigh is an economic geologist with 25 years of exploration experience. He is the founder and current Chairman and President of Novo Resources Corp. which recently poured its first gold bar. Earlier in his career, Dr. Hennigh prospected for major mining companies such as Homestake Mining Company, Newcrest Mining Ltd and Newmont Mining Corporation. At Gold Canyon Resources Inc. he managed exploration at the Springpole Alkali Gold Project near Red Lake Ontario, a 5 million ounce gold project that was sold to First Mining Gold Corp. in 2015. Dr. Hennigh was also instrumental in Kirkland Lake Gold's acquisition of the Fosterville gold mine, located in Australia and previously owned by Newmarket Gold Inc.

**Summary: Aggressive drilling campaign delivers first full hit and soon first resource estimate**

Mineralization at Iska Iska is indicative of a massive porphyry-epithermal system. The central vent has a strong tin porphyry affinity and probably overlies a large tin-gold-silver porphyry at the core of the massive Iska Iska system. In terms of metal content and geological setting, Iska Iska is comparable to neighbouring world-class polymetallic systems including Cerro Rico de Potosí, San Vicente, Chorolque, Tasna and Tatasi, but lacks the large and notable mineralized breccia pipes of Iska Iska, which run nearly a kilometre vertically, providing significant room for a substantial deposit. In doing so, Eloro Resources is advancing an aggressive drilling program totaling over 51,000 metres in 2021. This is expected to lead to a maiden proprietary resource estimate in the first quarter of 2022. With a well oversubscribed CA\$25 million financing, exploration work is secured for months to come, and investors can look forward to results from the drilling campaign.

**What have you and your company achieved in the past 12 months?**

In a just over a year's time, Eloro has successfully taken a never been drilled property in the highly prospective Potosí region of Bolivia and discovered an extensive porphyry-epithermal deposit complex with multiple breccias. The deposit is polymetallic and by its nature, provides exposure to multiple metals including silver, tin, gold, zinc, lead, bismuth, and indium.

After the completion of two successful equity raises earlier this year, the company is fully financed for a significant 51,000 metre drill program to further define the vast underlying potential of this property.

An initial NI43-101 resource is in the works for the first quarter of 2022.



TSX-V **ELO**  
OTCQX **ELRRF**  
FSE **P2QM**

**ISIN:** CA2899003008  
**WKN:** A12C1E  
**FRA:** P2QM  
**TSX-V:** ELO  
**OTCQX:** ELRRF

Shares outstanding: 61.9 million  
Options: 4.3 million  
Warrants: 8.3 million  
Fully diluted: 74.8 million

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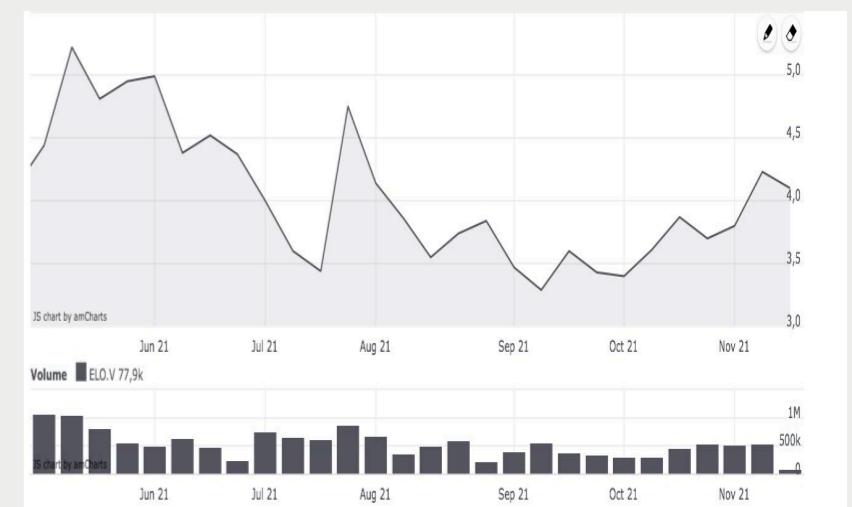
**What are the most important company catalysts for the next 6 to 12 months?**

The key focus of management, in the near term, will be the completion of a NI43-101 maiden resource by the end of the first quarter. Although this resource will be limited in scope to just the Santa Barbara area of the much larger region, it will help define metallurgy and highlight the potential of the entire complex. A preliminary engineering study will follow and is expected to be completed in the second quarter of 2022.

**How do you see the current situation on the market for silver?**

Silver is a critical element because it has the highest electrical and thermal conductivity of all the metals. For the generation of solar cell energy, efficiency is key, so silver is a must. Tin, on the other hand, is the "glue" that binds all the electronics necessary for this new energy technology to succeed. Whether this is in the semiconductors used in EV or the anodes in any of various forms of battery storage.

## Eloro Resources Ltd.



## Profitable production and next mine in preparation



*Bradford Cooke, Executive Chairman*

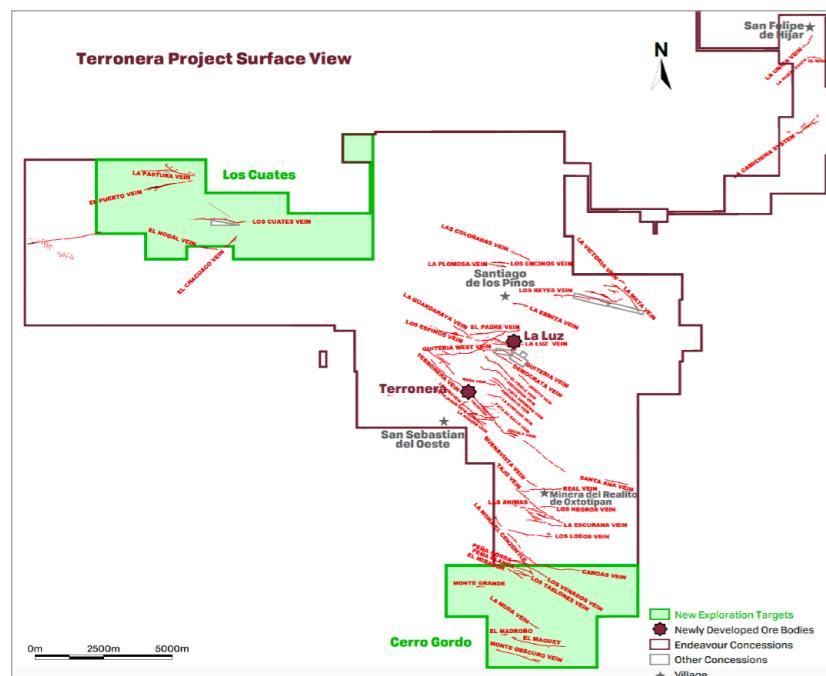
Canadian mining company Endeavour Silver is one of North America's largest silver producers with listings in New York, Toronto and Frankfurt. The company was able to produce a total of approximately 3.4 million ounces of silver and 32,816 ounces of gold from its Mexican mining assets in the first nine months of 2021. For the full year 2021, the company plans to produce up to 8.0 million silver equivalent ounces. In addition, Endeavour Silver plans to build another (and then largest) mine as soon as the financing for it is secured.

## Guanaceví Silver Mine

Endeavour Silver's first Guanaceví plant, commissioned in 2004, has a processing capacity of 1,200 tonnes of rock per day (tpd). In total, Endeavour Silver produced 3.03 million ounces of silver and 9,432 ounces of gold there in the first nine months of 2021. At the end of 2020, reserves were 14.6 million silver equivalent ounces and resources (excluding lead and zinc) were 25.6 million silver equivalent ounces.

*Terronera hosts multiple vein systems.*

(Source: Endeavour Silver)



Guanacevi has particularly high-grade areas in the Porvenir Centro, Porvenir Norte and Santa Cruz veins. The Company encountered up to 1,831g/t silver equivalent in the Porvenir Norte area, up to 1,181g/t silver equivalent in the Porvenir Centro area and up to 3,903g/t silver equivalent within the Santa Cruz vein. In the El Curso vein area, assays included 5,372g/t silver and 15.22g/t gold over 0.5 metres and 1,081g/t silver and 3.25g/t gold over 10.0 metres.

## Bolañitos silver/gold mine

Endeavour Silver commissioned Bolañitos in 2007. The processing capacity at Bolañitos is 1,600 tpd. In total, Endeavour Silver mined 350,154 ounces of silver and 19,150 ounces of gold there in the first nine months of 2021. At the end of 2020, reserves were 2.53 million silver equivalent ounces and resources were 11.61 million silver equivalent ounces. In May 2019, Endeavour Silver released spectacular drill results from both the Plateros and San Miguel ore veins. In the Plateros area, the company encountered up to 1,903g/t silver equivalent, in the San Miguel area even up to 6,497g/t silver equivalent. Most recently, the company was able to prove up to 4,736g/t silver equivalent.

## **El Compas silver mine**

In 2016, Endeavour Silver acquired the El Compas mine project for just US\$6.7 million in shares. In addition to the acquisition of the actual El Compas gold-silver mining operation, Endeavour Silver also leased the nearby La Plata ore processing plant with an initial processing capacity of 250 tpd (expandable to 500 tpd). El Compas currently consists of the El Compas and El Orito veins and over ten additional exploration targets.

In total, Endeavour Silver mined 45,443 ounces of silver and 4,234 ounces of gold there in the first nine months of 2021. At the end of 2020, El Compas had approximately 382,000

ounces of silver equivalent in reserves and 1.14 million ounces of silver equivalent in resources.

In August 2021, the mine ceased operation and was temporarily placed in maintenance and conservation mode.

## **Terronera – Reserves/Resources**

At the San Sebastian project, acquired in 2010, Endeavour Silver discovered high-grade silver-gold mineralisation called Terronera, which has since given the project its name. There are at least four large gold vein systems, each over three kilometre long. The highest concentration to date was staggering 18,000 grams of silver equivalent per tonne of rock! In total, Terronera has 68.81 million ounces of silver equivalent in resources plus 13.56 million ounces of silver equivalent in resources at the end of 2020.

Terronera – Final Feasibility Study

In September 2021 Endeavour Silver published a final feasibility study for Terronera. This is based on a production capacity of 1,700 tpd. Initial capital costs were estimated at US\$175 million. An average of 5.9 million ounces of silver equivalent is expected to be produced annually over the 12-year mine life. An after-tax IRR of 21.3% has been calculated based on prices of US\$20.00 per ounce silver and US\$1,575 per ounce gold. The net present value (NPV) for these assumptions would be US\$174 million (discount rate: 5%) and the after-tax free cash flow would be US\$311 million. All-in sustaining costs, including the gold credit, would be only US\$3.22 per ounce of silver. For a gold price of US\$1,800 and a silver price of US\$24 per ounce, the after-tax IRR would be as high as 30.0% and the NPV would be US\$282 million with after-tax free cash flow of US\$467 million. The all-in sustaining costs in this case, including the gold credit, would be only US\$1.15 per ounce of silver.

## Terronera – mine plans

The construction time for the mine could be as little as 12 to 16 months.

A mine construction within 12 to 16 months would be feasible so quickly because Endeavour Silver has its „own“ construction and planning team. This team consists of the same project manager, the same Canadian engineering consultants and the same Mexican construction company that has been used since 2010 for the expansion of Bolaños and the commissioning of the former El Cubo mine, among others.

In June 2019, Endeavour Silver announced that it had received final approval for Terronera. Endeavour Silver plans to make a production decision for Terronera as soon as possible, secure financing. Initial construction has already commenced, including the erection of a temporary camp and preparation for forestry works and site clearance. Full construction will commence following a formal development decision once the project financing package has been finalised.

Front-end engineering and design work is well advanced, and procurement activities for long delivery dates are underway.

The major permits required to commence construction have been issued and minor permit amendments and extensions are being submitted to meet current feasibility planning. Terronera could be in production in 2022/23 and become Endeavour Silver's next and largest mine.

## **Further development projects**

In addition to the mines and Terronera, Endeavour has other potentially high-calibre development projects. For example, Parral, which has a total of 38.44 million ounces of silver equivalent resources (excluding lead and zinc). The newly acquired Bruner Gold Project, located in Nevada and hosting historic resources of 320,000 ounces of gold, covers 1,457 hectares and shows signs of multiple gold-bearing mineralizations.

In addition, the company holds the right to explore and mine precious metals on Capstone Mining's 181-hectare Toro del Cobre concessions, which are located above 2,000 metres above sea level. Among other things, 0.5 metres with an incredible 16,350g/t silver equivalent was encountered there! Furthermore, a portfolio of potentially high-calibre exploration projects in Chile was secured in 2019. The three projects Aida, Paloma and Cerro Marquez are located in the north of Chile and are to be drilled soon.

**Summary:**  
**Terronera will dramatically reduce all-in costs + Production decision and financing coming soon**

Endeavour Silver owns two profitable mines and could have another one up and running by mid-2023 with Terronera, which would

then be by far the company's largest mine. With the new mine at Terronera, the all-in sustaining costs can be drastically reduced at the same time. Currently the company is trying to generate fresh capital by issuing more shares in order to already raise a large part of the mine financing for Terronera. Things are getting exciting with the expansion areas around Terronera as well as the new projects in Chile and Nevada, which provide additional exploration and resource potential. In mid-May 2021, former CFO Dan Dickson replaced Bradford Cooke as CEO, although he will continue to contribute to the company's success as Executive Chairman with his wealth of expertise.

M&A strategy to build a portfolio of advanced gold-silver projects in the western USA, including our first acquisition of the 400,000 oz Bruner gold property north of Gabbs, Nevada. Endeavour also monetized two properties, with the \$15-25 million sale of the El Cubo mine to Guanajuato Silver and the optioning of the Guadalupe y Calvo property to Ridgstone Mining. The Company also closed down and placed the El Compas mine on care and maintenance.

Last but not least, the Company announced a seamless board and management transition. Geoff Handley stepped down as Chairman but remains active as a director, Bradford Cooke stepped down as CEO and assumed the role of Executive Chair, Dan Dickson moved up from CFO to CEO and Christine West moved over from VP Controller to CFO. Endeavour's recent growth was recognized by its addition this year to both the GDX index and the S&P/TSX Composite index.

*What are the most important company catalysts for the next 6 to 12 months?*

- 1) Continue to reduce operating costs and extend mine life at the two operating mines, Guanacevi and Bolanitos

- 2) Finance and start development of the new Terronera mine
- 3) Discover new orebodies in Mexico and Chile
- 4) Acquire new advanced silver-gold mine projects in North, Central or South America

*How do you see the current situation on the market for silver?*

After the strong run-up of the silver price in 2020, we have seen a prolonged correction and consolidation of silver in 2021. However, this corrective phase appears to be coming to a close, as the silver:gold ratio has stopped rising and started falling, a sure sign we are moving into the next upcycle for the precious metals. I see more strength coming this year for gold and silver, and even higher prices in 2022, as all of the fundamentals for higher prices are already present, a strong but falling US dollar, low but rising interest rates, higher and definitely not "transitory" inflation and unemployment etc.

## Exclusive interview with Bradford Cooke, Executive Chairman of Endeavour Silver

*What have you and your company achieved in the past 12 months?*

Endeavour Silver has enjoyed a very busy and successful year. Mine production in 2020 bounced back from the temporary mine suspensions due to the COVID-19 pandemic to finish the year at 6.5 million oz silver equivalents. Thanks to stronger than expected ore grades at Guanacevi, we recently revised our production forecast for 2021 upward by 20% to the 7.7-8.0 million oz AgEq range. Rising production has in turn driven stronger earnings, totalling \$18.9 million in the first half of 2021.

We continued to enjoy exploration success, with excellent drill results and new high-grade resources at Guanacevi, Bolanitos and Terronera, and we more than replaced our reserves last year, up 10% to 86.3 million oz AgEq. But our biggest news was the com-

pletion of a positive feasibility study on the Terronera project in Jalisco State, Mexico. Robust economics at Terronera are supported by increased mineral reserves, higher annual production and longer mine life (LOM) compared with the 2020 prefeasibility study. Terronera will effectively double our production and halve our costs, and become the Company's largest and lowest cost mine, producing an average of 3.3 million payable ounces silver and 32,874 payable oz gold per year over a minimum 12-year mine life. At current metal prices, the all-in sustaining costs to operate the mine are estimated to be amongst the lowest in the silver mining sector, at only \$1.15 per oz of silver produced, net of the gold by-product credit. We acquired new properties at Terronera to significantly expand our land position and added multiple new prospective silver-gold veins for future drilling. We also initiated an

**ISIN:** CA29258Y1034  
**WKN:** A0DJ0N  
**FRA:** EJD  
**TSX:** EDR  
**NYSE:** EXK

Shares outstanding: 170.3 million  
Options/PSUs: 5.7 million  
Fully diluted: 176.0 million

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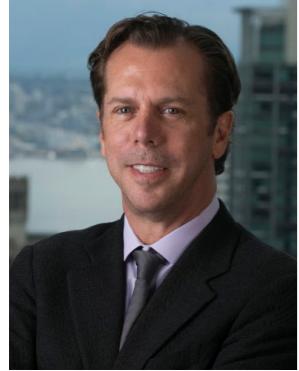
**CEO:** Dan Dickson

## Endeavour Silver Corp.



# First Majestic Silver

## New mine, another satellite project and increased dividend payment



Keith Neumeyer, CEO

First Majestic Silver is a Canadian mining company focused on producing silver and gold from its four productive mines in Mexico and the United States. In the first nine months of 2021, the company produced 18.3 million silver equivalent ounces (including gold by-products). In the third quarter alone, they produced 7.3 million ounces of silver equivalent, which was a new record in the company's history. For 2021, First Majestic Silver is targeting production of between 25.7 and 27.5 million silver equivalent ounces from its producing mines.

### San Dimas Silver/Gold Mine

The San Dimas operation is the Company's largest and lowest cost mine. In the first nine months of 2021, the mine produced a total of approximately 9.5 million silver equivalent ounces. The Company expects to produce between 13.2 and 14.0 million silver equivalent ounces in 2021 at an all-in sustaining cost of less than US\$12.56 per ounce. San Dimas had measured and indicated resources of 136.3 million silver equivalent ounces (including reserves of 91.0 million silver equivalent ounces) and inferred resources of 123.1 million silver equivalent ounces at the end of 2020. The Company is undertaking an extensive upgrade program primarily involving the mill, filtration systems, smelter and mines. Among other upgrades, the Company plans to install a 3,000-tpd high intensity grinding (HIG) mill. This HIG mill uses rotating grinding discs with ceramic balls to finely grind ore to 20 to 50 microns, which has been shown to significantly increase recovery. HIG mills feature low energy consumption and reduced maintenance requirements compared to standard ball mills. The new mill is expected to be operational by the end of 2022. The operation also receives approximately 50% of the required energy from low-cost and environmentally friendly hydropower.

### Santa Elena Silver/Gold Mine

The Santa Elena operation produced a total of approximately 3.1 million silver equivalent ounces in the first nine months of 2021. The Company expects to recover between 4.3 and 4.6 million silver equivalent ounces from the mine in 2021 at an all-in sustaining cost of less than US\$20.77 per ounce. Santa Elena had measured and indicated resources of 64.1 million silver equivalent ounces (including reserves of 20.9 million silver equivalent ounces) and inferred resources of 70.7 million silver equivalent ounces (including the Ermitaño satellite project) at the end of 2020. First Majestic has already installed a 3,000 tpd HIG mill at Santa Elena, and silver and gold recoveries have increased significantly to 93% and 96%, respectively. As of March 2021, the operation is fully powered by liquefied natural gas „LNG“, saving the Company approximately US\$1 million per month or US\$1.50 - US\$2.00 per ounce. The Company also recently received certification of its ISO 9001 Assay Lab on site, increasing reliability as well as reducing costs and allowing for faster assay turnaround times.

### Project Santa Elena – Ermitaño

In addition, the Company is working on the development of the Ermitaño Project, located just four kilometres southeast of the Santa Elena Mill. This project currently hosts approximately 95.5 million ounces of silver equivalent in the measured, indicated and inferred categories.

For 2021, the Company has budgeted capital expenditures totaling US\$40.7 million for Ermitaño and expects to commence ramp-up beginning in the first quarter of 2022. A pre-feasibility study is expected to be completed in the fourth quarter of 2021.

To date, a total of 45,271 tonnes of material grading 4.0 g/t gold and 41 g/t silver containing approximately 5,800 ounces of gold

and 59,640 ounces of silver are now in surface stockpiles. The Company is planning to begin initial batch testing at the Santa Elena processing plant in the further quarter of 2021. Reported drill results from the Ermitaño project include 13 metres of 1,003 g/t silver equivalent, 9.9 metres of 1,209 g/t silver equivalent, 9.1 metres of 1,447 g/t silver equivalent and 2.3 metres of 3,391 g/t silver equivalent. The project could both increase production at Santa Elena and further reduce overall costs. First Majestic Silver also has more than 100,000 hectares of land in the vicinity of the Santa Elena mine that offer additional potential for further discoveries.

### La Encantada Silver Mine

La Encantada, a near 100% pure silver mine, produced a total of approximately 2.5 million silver ounces in the first nine months of 2021. The company expects to produce between 3.1 and 3.3 million ounces of silver from the mine in 2021 at an all-in sustaining cost of less than US\$16.25 per ounce. La Encantada had measured and indicated resources of 32.8 million ounces of silver (including 9.6 million ounces of silver reserves) and inferred resources of 21.0 million ounces of silver at the end of 2020. First Majestic Silver is currently working to modify the roasting circuit to allow the tailings to be recycled, which is expected to result in additional production of 1.5 million ounces of silver per year. The operation receives 90% of its required power from low-cost LNG generators.

### Jerritt Canyon Gold Mine

On April 30, First Majestic completed the acquisition of the Jerritt Canyon Gold Mine for US\$470 million in shares plus five million warrants to purchase First Majestic shares. Concurrent with the acquisition, Eric Sprott completed a US\$30 million private placement. The Jerritt Canyon operation is located in Elko, Nevada, USA, and has been in produc-

tion since 1981 and has produced over 9.7 million ounces of gold in its 40-year production history. The mine is currently operated as an underground mine and has one of only three permitted roasters in Nevada. The processing plant has a capacity of 4,000 tonnes per day and is currently operating at an average rate of approximately 2,500 tpd. The Company produced 26,145 ounces of gold, or the equivalent of approximately 1.9 million silver equivalent ounces, from the Jerritt Canyon Gold Mine in the third quarter of 2021. The most significant project currently underway at Jerritt Canyon is the creation of an underground connection between the SSX and Smith mines. The new link is expected to reduce haulage bottlenecks and improve the efficiency of personnel and equipment movements. In addition, the connecting tunnel is expected to support future exploration activities.



Jerrit Canyon Gold Mine  
(Source First Majestic)

The project site consists of a large, undeveloped land package covering 30,821 hectares (119 square miles). First Majestic has identified several opportunities to improve both the cost and production profile of Jerritt Canyon, near-term brownfield potential between the SSX and Smith mines, and long-term cross-property exploration potential.

### Springpole Stream

In June 2020, First Majestic entered into a silver stream agreement with First Mining Gold to acquire 50% of future silver production

*The Jerritt processing plant has a capacity of 4,500 tonnes per day and is currently operating at an average rate of approximately 2,200 tpd.*

*(Source First Majestic)*



### Increased dividend payment

In December 2020, First Majestic announced its inaugural dividend policy. Accordingly, the Board of Directors adopted a dividend policy under which the Company intends to pay

## Exclusive interview with Keith Neumeyer, CEO of First Majestic Silver

### *What have you and your company achieved in the past 12 months?*

Highlights over the past twelve months include:

- The announcement of the Company's inaugural quarterly dividend policy. The Company intends to pay a 1% dividend based upon the Company's net revenues, or effectively linking the dividend to silver prices and production rates.

from the Springpole Project. The agreement includes ongoing cash payments of 33% of the silver spot price per ounce, up to a maximum of US\$7.50 per ounce. In return, First Majestic will pay a total of US\$22.5 million in cash and shares over three milestone payments. The project is expected to produce approximately 18 million ounces of silver over the life of mine. The deal offers significant upside potential at higher silver prices. Springpole also has significant exploration potential on its large 41,913-hectare project.

quarterly dividends to shareholders equal to 1% of the Company's revenues, with dividends effectively linked to silver prices and production rates. Currently, First Majestic Silver shareholders receive a quarterly dividend of US\$0.006 per share, a 33% increase over the first dividend of the second quarter of 2021.

### Exploration and Ermitaño Development in Focus – Retention of Silver Ounces

Currently, all mines are working intensively on modernization measures, focusing not only on increasing production and reducing operating costs, but also on the use of environmentally friendly energy. In terms of exploration, First Majestic has 27 drill rigs on its properties and plans to drill a total of over 217,600 meters in 2021. At the same time, First Majestic continues to advance the Ermitaño project with the goal of starting first production in early 2022.

At the end of the third quarter, due to depressed silver prices in the third quarter, the Company withheld 1.4 million ounces of silver in inventory to be sold at higher silver prices.

- The Company recently completed the installation of a new 12.4MW liquefied natural gas "LNG" power plant at Santa Elena during the first quarter of 2021. The plant is expected to cut energy costs significantly, saving approximately US\$9 million per year (or \$1.50 to \$2.00 an ounce) in costs.
- Completed and passed certification of a ISO 9001 Assay Lab at the Santa Elena site, the new lab increases reliability as well as reducing costs and allowing for faster assay turnaround times.

### *What are the most important company catalysts for the next 6 to 12 months?*

Major catalysts for First Majestic in 2022 will include:

- The continued integration of the Jerritt Canyon mine into the Company's portfolio.
- Initial production at the Ermitaño project near Santa Elena. The Company expected to begin shipping ore to the processing plant in the fourth quarter of 2021 and will further ramp up in 2022.
- Continued Resource expansion potential at Ermitaño – as a Pre-Feasibility study is expected in the fourth quarter of 2021.

### *What sets First Majestic apart from the other silver producers?*

First Majestic is the industry-leader for its silver purity. According to the Bank of Montreal, First Majestic is estimated to generate 57% of its total revenue from the sale of silver in 2021. Even with the recent acquisition of the Jerritt Canyon Gold Mine, First Majestic remains the leader in silver purity amongst its major peers.

**ISIN:** CA32076V1031  
**WKN:** A0LHKJ  
**FRA:** FMV  
**TSX:** FR  
**NYSE:** AG

Shares outstanding: 256.5 million  
Options: 6.5 million  
RSU/PSU/DSUs: 0.7 million  
Fully diluted: 263.8 million

### Contact:

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## First Majestic Silver Corp.



# Kuya Silver

## Silver production in sight



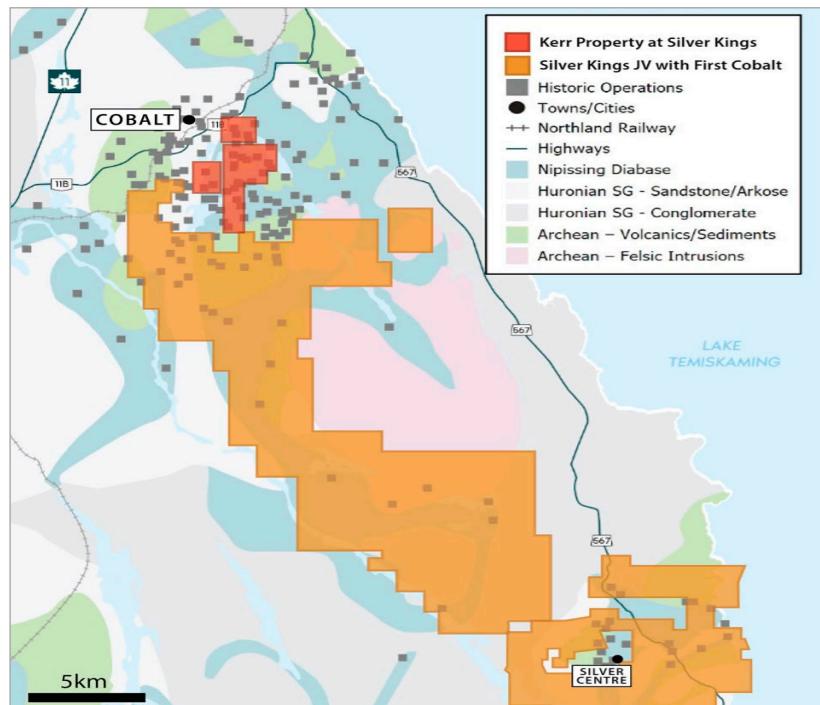
David Stein, CEO

Kuya Silver is a Canadian mining development company focused on high-grade silver deposits in North and South America. The company, which was formed in 2020 from a merger of Kuya Silver and Miramont Resources, has already secured two potentially high-grade silver projects. Among them is Bethania, a silver mine that was in production until 2016 and is expected to come back online soon. Appropriate permits have already been obtained, and a profitability assessment is in progress. Besides several other institutional investors, Eric Sprott is also on board - twice.

### Bethania flagship project – location and infrastructure

Kuya Silver's flagship Bethania project is located in central Peru, in the northwestern part of the department of Huancavelica, approximately 316 road kilometres from the capital Lima. The project now comprises seven concessions with a total area of 2,545 hectares, which are accessible all year round.

*Silver King has been assayed to date primarily for trace cobalt, with significant silver grades detected by the previous owner.*  
*(Source Kuya Silver)*



The infrastructure is exceedingly good, partly due to the fact that Bethania was in production until 2016 and has been in maintenance and conservation status since then. The Bethania mine opened in 1977 after the discovery of two veins (Española and 12 de Mayo) and has been in small-scale operation on and off for the past 40 years. In 2014, production reached 28,788 tonnes, producing 425,000 silver equivalent ounces (lead and zinc by-products only).

### Bethania flagship project – historical production and acquisition

Until 2016, mining was carried out on a small scale (100 tonnes of rock per day (tpd)) on a private basis by the Peruvian company S&L Andes Export SAC. The processing of the extracted rock took place in several toll-milling plants near the mine. In the process, the mine produced predominantly silver-lead and zinc concentrates from run-of-mine material until it was placed on care and maintenance due to market conditions and lack of working capital. In December 2020, Kuya Silver acquired 100% of the issued and outstanding shares of capital of S&L Andes Export SAC, which owned the Bethania Mine and held the mining concessions, permits and other rights. In May 2021, three additional concessions were expanded to include the former Carmelita Mine and at least five, surface outcropping silver mineralizations. Samples collected included up to 490g/t silver, 8.2% lead and 6.2% zinc.

### Bethania flagship project – approval process and economic feasibility assessment

Kuya Silver has already received approval from the Huancavelica Regional Government for the Environmental Impact Study for a future Bethania operation. This includes a plant design for crushing, grinding and flotation

circuits with a capacity of 350 tpd, as well as a stockpile storage facility and associated infrastructure. Kuya Silver plans to expand and construct a concentrate plant at the site before resuming operations. To determine economic viability, the Company commissioned Mining Plus in November 2020 to conduct a preliminary economic assessment (PEA) of the silver mine project, in addition to completing a detailed engineering design of the development for expansion to a production rate of 350 tonnes per day. Mining Plus will complete a detailed design for a near surface underground mine for this purpose.

### Bethania Flagship Project – Historic Resource and Drilling Campaign

In order to effectively complete the PEA, a drilling program is first required. While Bethania already has a historical resource of approximately 8 million ounces of silver plus lead and zinc, this is not sufficient to complete the PEA and must first be confirmed by drilling and brought up to the Canadian NI43-101 resource calculation standard. To this end, Kuya Silver commenced its Phase 1 drill program in March 2021, covering 5,000 metres. The campaign initially consisted of two parts, with approximately 4,000 metres planned for the western third of the property to test all seven veins that formed the historic resource. Assay results and geotechnical measurements from this portion of the drill program were used to complete the underground mine production plan, including expansion from 100 tonnes per day to 350 tonnes per day.

The remaining 1,000 metres targeted the Espa ola 2 area to confirm the extent of historical mining in the Espa ola 2 adit as well as to test other newly identified veins at surface that may be associated with this mineralization. This series of drill holes is located approximately 900 metres east of the main adit and could significantly extend the strike

length of the Bethania vein system. Particular attention is also being paid to the so-called Mercedes Vein, outcrops of which are visible at surface. Initial drill results returned some spectacular intersections such as 2.60 metres at 960g/t silver equivalent including a 0.40 metre intersection at 4,973g/t silver equivalent or 1.20 metres at 1,127g/t silver equivalent including a 0.45 metre intersection at 2,574g/t silver equivalent.



*The Bethania Silver Project is located over the Cordillera Central, a region containing prolific and prospective base and precious metals belts.*  
*(Source Kuya Silver)*

The fact that Bethania had to show high-grade mineralization is already proven by spectacular samples taken from the mine, which, among other things, contained 252 ounces of silver equivalent per ton of rock. Several high-grade veins cross the project in a northeast-southwest direction and hold a high exploration potential. Recent sampling from the Santa Elena Vein area returned up to 110.7 ounces of silver equivalent.

The aim of the PEA is to push the relatively high all-in costs, which led to the closure of the mine, to a level below US\$10 per ounce of silver. Particular cost savings are expected above all through own, larger production without toll-milling costs as well as through better recovery rates and the addition of a separate gold-copper circuit.

### Silver Kings Property

In March 2021, Kuya Silver entered into a deal with First Cobalt Corp. to acquire 100% of the Kerr Project. In addition, in September 2021, they exercised a joint venture option to

## Exclusive interview with David Stein, CEO of Kuja Silver

acquire up to 70% of the remaining claims of the Cobalt Camp in northeastern Ontario, Canada. The 10,000-hectare property, called Silver Kings, is located within the historic Cobalt Silver Mining District. The previous operator identified several bonanza-style silver intercepts during exploration for cobalt. Kuya Silver commenced a 2,500-metre drill program in April 2021 to follow up and expand the high grade zones. In doing so, there is both near-term production potential at Kerr and an opportunity for a direct hit at the under-explored Silver Kings joint venture. This is because Silver Kings comprises the six historic silver mines of Crown Reserve, Silver Leaf, Kerr Lake, Drummond, Hargrave, Silverfields, which produced over 50 million ounces of silver between 1905 and 1950. The deepest shaft reached less than 200 metres into the ground. This also means that there may be a high exploration potential in deeper layers. Drill holes completed by First Cobalt included 3.57 metres of 821g/t silver, 2.2 metres of 515g/t silver, 2.0 metres of 450g/t silver and 2.5 metres of 1,441g/t silver.

### Top management team for rapid success

Kuya Silver is led by a highly experienced and successful management team that promises rapid success.

CEO David Stein is the founder of Kuya and has been CEO since 2017. Trained with a technical background in geology and engineering, Stein entered the capital markets very early in his career, in 2001, as a mining equity analyst for a prominent Canadian broker. More recently, Stein was President and CEO of Aberdeen International, where he led various private equity and public company investment mandates.

Chief Operating Officer and Co-Founder Christian Aramayo has over seventeen years of experience in the mining industry in North and South America, the Caribbean, Europe and Africa. Throughout his career, he has been closely associated with the practices that deliver world-class mining operations

and projects, including such challenging operations as Pueblo Viejo, Paracatu, Fruta del Norte and Tasiast.

Strategic Consultant Hector Aramayo is an experienced civil engineer, consultant and project manager with experience in retail and industrial construction in Latin America. He is the founder of SICG SAC, a construction company and management firm that has built a blue-chip client base in Latin America over the last 20+ years.

### Strong shareholders, high management participation, top financed

Kuya Silver's strong shareholder structure is particularly striking. The management alone holds 28% of all outstanding shares. Another 9.6% are in the hands of Erika Soria, the former owner of Bethania. Commodity Capital holds 7.7%. Eric Sprott actually has a dual stake. Once privately with about 4.8% and through Sprott Asset Management. In addition, there is Crescat Capital and First Cobalt. In June 2021, Kuya Silver successfully completed an oversubscribed financing of approximately CA\$9.2 million, which greatly expands the company's financial flexibility.

### Summary: Cash flow could soon be generated here

Kuya Silver is an early-stage story, but in hyper-speed it can become a real production story. The basis for this is an existing mine that hosts some high-grade silver veins. Although drilling has yet to produce an accurate resource estimate that will form the basis of an economic assessment, the path to becoming a producer seems set. The experienced management team should be able to establish production and raise the necessary funds. The high-profile shareholders could help with the latter. The second hot iron in the fire is the huge Silver Kings project, which has proven to host high-grade silver deposits. This mix could soon develop into a significant silver player.

#### *What have you and your company achieved in the past 12 months?*

- ▶ Consolidated 100% of the Bethania silver mining project
- ▶ Completed Bethania phase 1 exploration program including successful 5000 m drill program extending known silver mineralization at depth and along strike
- ▶ Discovered several new silver veins at surface including the Santa Elena vein (sampled 2833 g/t silver, 5 g/t gold)
- ▶ Acquired the Carmelita project, former mine located 3 km from Bethania has the potential similar silver-polymetallic mineralization that could be processed at Bethania
- ▶ Acquired the Silver Kings project in Ontario, Canada – our second high-grade silver mining project in a famous past-producing silver camp.

#### *What are the most important company catalysts for the next 6 to 12 months?*

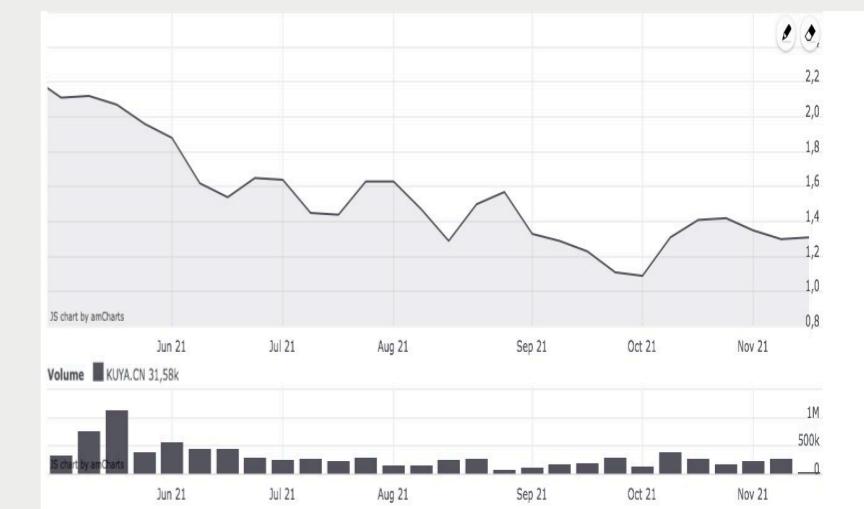
- ▶ Development of the Bethania project, completing the expansion, new mill and restarting silver production

- ▶ Expanding the Bethania resource through low-risk exploration near the mine or at Carmelita
- ▶ Successful exploration and advancement of the Silver Kings project

#### *How do you see the current situation on the market for silver?*

- ▶ We watch gold for clues and expect that silver will outperform in a precious metals bull market. Precious metals have been consolidating while the market digests the impacts of the pandemic recovery
- ▶ Stagflation is becoming a strong possibility in the West with slowing growth and precious metals provide a real asset safe haven – so look for stronger performance in 2022, especially after the USD peaks and rolls over.

## Kuya Silver Corp.





George Paspalas, CEO

MAG Silver is a Canadian mining company with a clear focus on silver in Mexico. The company was recently able to bring its Juanicipio project into production together with mega-partner Fresnillo. Investors can expect the big breakthrough in 2022, when the company will enter commercial silver production with the help of its own processing plant. Steady new discoveries only hint at the extent of further silver potential. The second silver project, Deer Trail, also recently produced extremely good results. Commodity legend and star investor Eric Sprott has also been on board for a few months.

### Juanicipio Silver Project – Share Ratios + Infrastructure

The Juanicipio project is 44% owned by MAG Silver and 56% by Fresnillo, one of the largest silver producers in the world, which operates several other mega-projects right next to Juanicipio. Moreover, within the Fresnillo Silver Trend, Juanicipio is virtually surrounded by high-calibre mining projects, which to date have produced more than four billion ounces of silver and thus more than 10% of the total global silver production. Due to its proximity to the city of Fresnillo, Juanicipio is directly linked to a very well-developed infrastructure.

### Juanicipio Silver Project – Resource

The project, which hosts multiple veins, has current resources within the Bonanza Zone alone of approximately 8.17 million tonnes of ore at 550g/t silver for 145 million ounces of silver in the indicated category and 1.98 million tonnes of ore at 648g/t silver for 41 million ounces of silver in the inferred category. In addition, there are approximately 848 million pounds of zinc and lead in the indicated category. The Deep Zone has 4.66 million tonnes of ore at 209g/t silver for 31 million ounces of silver in the indicated category and 10.14 million tonnes of ore at 151g/t silver for 49 million

ounces of silver in the inferred category. Add to that another 790 million pounds of zinc and lead in the indicated category and 1.73 billion pounds of zinc and lead in the inferred category. Juanicipio also contains over 1.5 million ounces of gold homogeneously distributed throughout the mineralized system. A true monster resource, yet the known resource is still open on several sides, meaning it is far from completely delineated. Furthermore, Juanicipio hosts additional parallel and even intersecting veins that have not been explored at all or only sporadically to date. It should be noted that the last resource estimate dates back to 2017 and since then further significant discoveries have been made, so that one can already assume a higher resource base.

### Juanicipio Silver Project – Positive Economic Study

The very high grades are also the main reason why Juanicipio will become a low-cost mine. According to the current preliminary economic assessment (PEA) from November 2017, based on a silver price of US\$17.90 per ounce, a gold price of US\$1,250 per ounce, a zinc price of US\$1.00 per pound and a lead price of US\$0.95 per pound, as well as a daily production rate of 4,000 tonnes and a mine life of 19 years, the all-in sustaining cash cost is US\$5.02 per silver equivalent ounce. The payback period for this scenario is 1.8 years, the after-tax NPV is US\$1.138 billion, and the after-tax IRR is a very strong 44%. Even for much worse underlying values of US\$14.50 per ounce of silver, US\$1,000 per ounce of gold, and US\$0.75 per pound each of zinc and lead, Juanicipio still shows very good economic metrics. The payback period for this scenario is 2.6 years, the after-tax NPV is US\$635 million, and the after-tax rate of return is 30%. For higher prices of US\$23 per ounce of silver, US\$1,450 per ounce of gold, US\$1.15 per pound of lead and US\$1.20 per pound of zinc, the payback period is 1.2 years, the after-tax NPV is US\$1.729 billion, and the after-tax IRR is 61%.

### Juanicipio Silver Project – Expansion Progress + Production + Offtake Agreements

The Juanicipio Mine will be an underground mine, which is why the partner Fresnillo has installed several ramps with a size of 5 by 5 metres in order to be able to develop the first silver deposits. In total, more than 32 kilometres of ramps and tunnels have been driven into the rock. The surface work has been completed and the first rock has already been extracted. Processing has been taking place two days per month at Fresnillo's adjacent 16,000 tpd plant. In the first two quarters of 2021, a total of approximately 835,000 ounces of silver and 1,340 ounces of gold were produced. The company's own 4,000 tpd plant will commence operations shortly. MAG Silver expects to reach 95% of full capacity by the end of 2022. Furthermore, both lead and zinc offtake agreements have been reached by the partners whereby both concentrates are traded at market terms by Met-Mex Peñoles, S.A. De C.V., in Torreón, Mexico. As part of this, a total of 270 tonnes of lead and 408 tonnes of zinc were extracted and sold from Juanicipio in the first 6 months of 2021.

### Juanicipio Silver Project – Exploration and Production Expansion Potential!

Juanicipio has unprecedented exploration potential, which means that the currently planned 4,000 tonnes per day processing capacity could well be increased. Looking at the immediate surroundings of the joint venture area, it is easy to see that Fresnillo has identified several more ore veins to the east of it. These run parallel to the Valdecanas and Juanicipio mineralization and are likely to extend into the Joint Venture area.

### Juanicipio Silver Project – Drilling Successes Since Release of Latest Resource Estimate

Since 2017, the Company has been able to report several times that they have encountered significant silver/gold mineralization in drilling to expand the Valdecanas Deep Zone West.

The best results were:

- ▶ DEEP ZONE WEST: 11.6 metres grading 783g/t silver, 2.57g/t gold, 6.52% lead, 9.46% zinc, 0.32% copper.
- ▶ DEEP ZONE EAST: 5.20 metres grading 333g/t silver, 16.87g/t gold, 4.47% lead, 3.77% zinc, 1.04% copper, including 1.44 metres grading 854g/t silver, 54.67g/t gold, 3.21% lead, 2.72% zinc, 2.28% copper
- ▶ ANTICIPADA VEIN: 5.60 metres grading 177g/t silver, 7.36g/t gold, 2.39% lead, 6.31% zinc, 0.12% copper, including 3.15 metres grading 283g/t silver, 12.62g/t gold, 3.62% lead, 8.42% zinc, 0.17% copper.

MAG Silver was able to demonstrate higher gold grades in particular, as well as a shift from silver to high-grade copper, lead and zinc.

In addition, a parallel mineralization called Pre-Anticipada was detected. This contained up to 3.2 metres of 472g/t silver, 0.31g/t gold, 0.39% lead, 0.43% zinc and 0.03% copper. March 2019 also saw the announcement of the discovery of the Venadas Vein. This is the first mineralized vein in the Fresnillo District to be oriented at a high angle (northeast) to the historically mined northwest oriented veins. Drilling returned up to 1,485g/t silver and up to 25.10g/t gold.

In March 2020, another direct hit was reported in the Deep Zone area. Among other things, a sensational 3,884g/t silver, 8.4g/t gold, 6.5% lead and 9.7% zinc were encountered within a 5.7 metre section.

The 2020 drill program returned other superior results including 1.0 metre at 7,920g/t silver and 4.3g/t gold plus lead, zinc and copper, 3.95 metres at 3,584g/t silver, and 5.7g/t gold plus base metals, and 8.60 metres at 1,356g/t silver and 3.3g/t gold. Longer intercepts were also encountered including 37.85 metres of 357g/t silver plus by-products.

### **Deer Trail Project**

In September 2020, MAG Silver signed an agreement to consolidate and acquire 100% of the silver-rich Deer Trail Carbonate Replacement Deposit (CRD) project in Piute County, Utah. The project includes 111 patented and 682 unpatented claims (approximately 5,600 acres) covering the historic Deer Trail Mine and adjacent Alunite Ridge area. This is the first time since the early 1980's that these properties have been consolidated, allowing MAG to apply an integrated exploration approach at the district level. MAG Silver anticipates that the high-grade silver, gold, lead, zinc and copper CRD sulphides at the Deer Trail mine are linked by miles of continuous mineralization to a porphyry copper-molybdenum centre located to the west near Alunite Ridge. In the fourth quarter of 2020, the company launched a 6,500-metre drill program that has already produced significant

mineralized intercepts in the first three holes. They encountered 0.50 metres of 426g/t silver, 6.5g/t gold and 17.1% lead and zinc, and 1.90 metres of 952g/t silver, 38.2g/t gold and 9.2% lead and zinc, among others.

### **Summary: A cash cow from 2022 on**

MAG Silver, together with Fresnillo, owns Juanicipio, one of the highest-grade silver deposits in the world. MAG Silver has eliminated all project risks. High grades, very well financed, minimal political and development risks, very good metallurgy as well as access to sufficient energy and water and the connection to the existing infrastructure near Fresnillo leave little room for downside potential. On the other hand, the upside potential is even higher with the possibility of further parallel mineralization trends and expansion opportunities to depth. The recent start of production provides the company with positive cash flow and sufficient capital until the start of its own commercial production, which is scheduled to commence in the fourth quarter of 2021. With the recently acquired Deer Trail project, MAG Silver has another hot iron in the fire that meets all the criteria MAG Silver has for a CRD project: Quality, Size and Potential.

## **Exclusive interview with George Paspalas, CEO of MAG Silver**

### **What have you and your company achieved in the past 12 months?**

Very meaningful progress has been made on the construction of the Juanicipio project, with the process plant entering into the pre-commissioning stage at the beginning of Q4 2021. The critical path items are mechanically completed, and we await the final connection to the electrical supply grid to commence full scale start-up on mineralized material towards the end of Q4 2021. We anticipate achieving 40 – 50% of the 4000tpd

nameplate throughput capacity by the end of 2021, and then ramp-up the throughput throughout 2022 to 80-90% of the 4000tpd by the end of 2022.

We have been processing a nominal 16,000 tonnes per month of mineralized Valdecañas material from development headings over the past 14 months, on a campaign basis, through the Fresnillo Mill located near the Juanicipio process plant. This initiative has enabled us to obtain valuable technical information regarding the metallurgical response of the Valdecañas rock that the Juanicipio

plant will experience during start-up. This will result in a de-risked start up and a shortened timeframe to processing meaningful tonnes. We have been making on-specification concentrates during this period, and hence we have also generated a nice side-stream of cash flow that has reduced the required fresh capital to complete the build of the plant. Up in Utah, at our Deer Trail property, we completed PHASE I of an initial exploration drilling program. The objectives of PHASE I drilling were to test the occurrence of a very favourable host rock, the Redwall Limestone, which is key to our geological model. We encountered thick areas of Redwall Limestone in the three holes we drilled, which has made us very excited about the potential for these rocks to host potentially significant mineralization. We also intercepted three feeder structures, which gave us very high grade, albeit narrow intercepts of mineralization. We found this mineralization in more unfavourable host rocks than the Redwall Limestone. Hence, having learnt a lot about where the Redwall Limestone occurs in the rock sequence, we have embarked on PHASE II drilling with the objective to continue to understand the occurrence of the Redwall limestone, and to test the feeder structure mineralization in the more favourable host rock, deeper than where we encountered mineralization in PHASE I.

### **What are the most important company catalysts for the next 6 to 12 months?**

- ▶ Commissioning and ramp up of the Juanicipio process plant.
- ▶ Continued exploration drilling on the Juanicipio joint venture ground with Fresnillo plc. We are both excited to start to test some greenfield targets away from Valdecañas. Remember, only 5% of the joint venture ground has been explored.
- ▶ The results from PHASE II drilling at Deer Trail. We will now be starting to explore the more favourable host rock, the Redwall Limestone, following the success of PHASE I in locating this structure.

### **How do you see the current situation on the market for silver?**

We believe silver will have a strong price performance, driven by increased usage in photovoltaic cell production and the growing use of electrical and hybrid vehicles. The growing use of Silver in the electronic and medical field will augment the demand for silver.

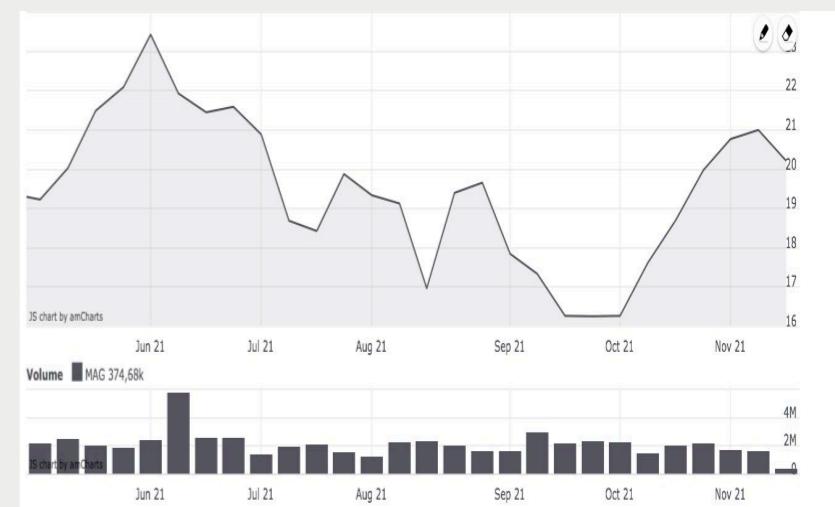
**ISIN:** CA55903Q1046  
**WKN:** 460241  
**FRA:** MQ8  
**TSX:** MAG  
**NYSE MKT:** MAG

Shares outstanding: 94.9 m  
Options: 1.0 million  
DSUs/PSUs/RSUs: 0.8 million  
Fully diluted: 96.8 million

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## **MAG Silver Corp.**



# Reyna Silver

## Hunting elephants in Mexico and Nevada



Jorge Ramiro Monroy, CEO

Reyna Silver is a Canadian mining development company with several potentially high-grade silver projects in the Mexican state of Chihuahua and another project in Nevada. The company has reported several spectacular silver discoveries, such as 42,300 and 18,078 grams of silver per tonne of rock (g/t), as part of its 2020 exploration program. The majority of the shares are held by management or institutional investors. The largest single shareholder is MAG Silver. Sprott is also on board.

### Flagship project Guigui – location and infrastructure

Reyna Silver's flagship project is called Guigui, covers about 4,750 hectares and is located in the middle of the Santa Eulalia district, about 15 kilometers from Chihuahua City. There is also an international airport located there. Reyna Silver's project site is easily accessible by paved roads.



### Guigui Flagship Project – Historic Mining + Santa Eulalia District Mines

Reyna Silver's properties are located in the southern portion of the Santa Eulalia District, which to date has only been sporadically explored for high grade silver. The western and eastern portions of the Santa Eulalia camp host several mines that are being exploited by toll milling. Throughout the district's history, approximately 510 million ounces of silver, 4.2 million tons of lead and 3.6 million tons of zinc have been mined. The average grades have been an extremely high 310g/t silver, 8.2% lead and 7.1% zinc. Santa Eulalia is thus one of the largest carbonate replacement deposits (CRD) in the world, with half of the CRD spectrum „missing“.

### Guigui flagship project – exploration successes to date

Reyna Silver's management team believes that this missing half lies exactly in Reyna Silver's concession area. And not only Reyna Silver's management believes this, but also Dr. Peter Megaw, Mexico's unofficial „silver pope“ and not only one of Mexico's greatest silver deposit experts, but also the discoverer of MAG Silver's huge Juanicipio deposit. It was Megaw who conducted dissertation studies on the geology and geochemistry of the Santa Eulalia mining district back in the 1980s and ultimately brought Guigui into MAG Silver as well. Among other things, the company was able to prove 8.3 metres averaging 523g/t silver equivalent when it followed up on the shoots of the operational San Antonio Mine. Reyna Silver eventually acquired Guigui in 2018, starting with the consolidation of the southern Santa Eulalia district, which included the acquisition of the La Chinche concession.

Reyna Silver projects overview (Source: Reyna Silver)

### Flagship project Guigui – Own exploration activities

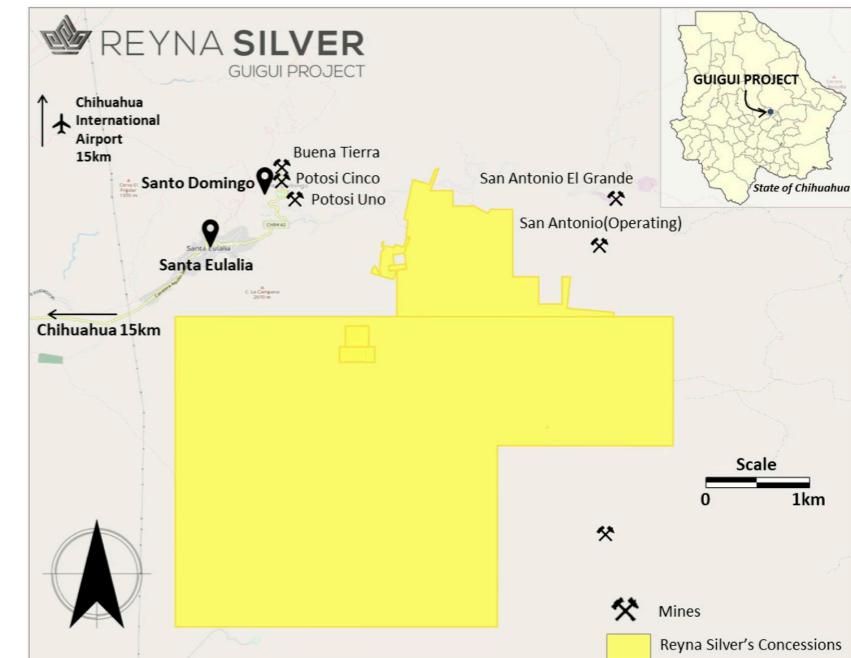
Peter Megaw also leads the exploration team at Reyna Silver. Drilling commenced in December 2020. The initial focus was on anomalies to the north of the project site. Initial drilling targeted a series of strong geological and associated anomalies above where the CRD exploration model suggests the underlying engine of the system should lie. The possible source of mineralization in the West Camp/Potosi Mine area is in all likelihood within the Guigui Project as indicated by mapped mineralization, mineralization trends and structures. In 2021, the Company drilled over 20,000 metres on Guigui to date. Results are pending.

### Batopilas Silver Project – Location and Infrastructure

Reyna Silver's second prospective silver project is called Batopilas, covers 1,117 hectares, a significant area of the historic Batopilas Mining District, and is also located in the Mexican state of Chihuahua, about 300 kilometres southwest of Chihuahua City. Another 15 kilometres to the southwest is Goldcorp's former El Sauzal Mine. Road access is available via the nearby town of Batopilas. In addition, sufficient water is available in near-surface reservoirs.

### Silver project Batopilas – historical production

The Batopilas Mining District is considered one of the very few mining districts where the main mineral is native silver. The purity of this deposit can be as high as 75% silver. Batopilas was discovered around 1630. Historical production from 1632-1912 was approximately 300 million ounces of silver with average grades in excess of 1,500g/t. This high-grade production was from more than 30 known veins. Mineralization is in the form of pods of



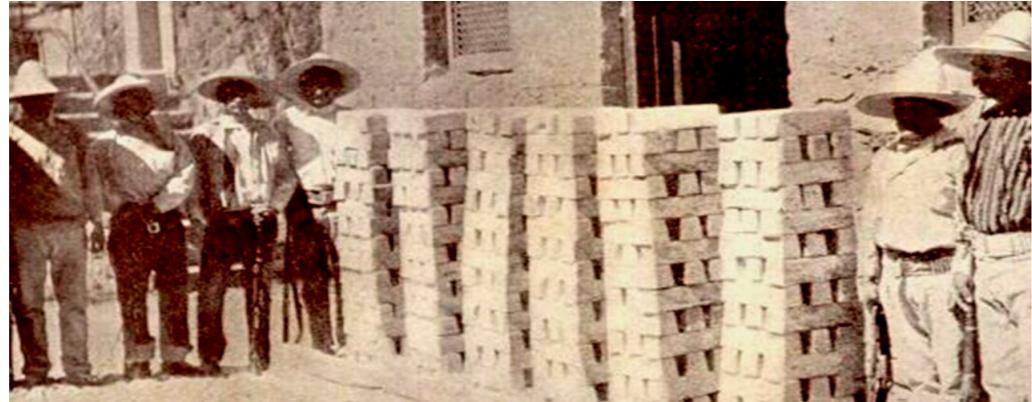
Reyna Silver's Guigui project covers 4,750 hectares.  
(Source: Reyna Silver)

### Batopilas Silver Project – Exploration Successes to Date

Initial modern drilling carried out by MAG Silver included 1.7 metres averaging 2,357g/t silver, including 20cm averaging 19,000g/t silver and 1 metre averaging 3,000g/t silver. An initial proprietary drill program commenced in June 2021 and immediately resulted in initial drill success. This resulted in relatively near surface short intercepts of up to 28.70g/t gold and 10,565g/t silver.

### Batopilas Silver Project – Own Exploration Activities

Reyna Silver conducted an extensive sampling program from October to December 2020. This resulted in a total of 258 samples containing silver grades ranging from 305 to 42,302g/t silver and 1.03 to



*From 1632-1912, Batopilas produced approximately 300 million ounces of silver with average grades exceeding 1,500g/t.*  
(Source: Reyna Silver)

21.4g/t gold. These samples were obtained from the northwestern portion of the Pastrana-Roncesvalles-Cobrizo vein project area. Two previously unknown veins were also discovered there, one of which also contained higher grades of gold. High resolution satellite hyperspectral imagery received following the sampling program shows that distinct alteration mineralogy is coincident with new and long known structures and additional anomalies have been reviewed and sampled.

### Silver project La Reyna

The La Reyna Silver Project covers approximately 300 hectares and the former La Reyna Mine and is located in the eastern part of the Cusihuiriachic Silver District, which has historically produced approximately 80 million ounces of silver plus by-products. The project site is located 10 kilometres southeast of the village of Cusihuiriachic and 32 kilometres southeast of Cuauhtémoc. It is approximately 140 kilometres by road to the flagship Guigui project, which could provide some synergy for future activities. La Reyna is completely enclosed by Sierra Metal's Cusi project. The eponymous Cusi Mine, which produced approximately 1.03 million silver equivalent ounces in 2019 with average grades of 129g/t silver, is located 10 kilometres northwest of La Reyna. Running through La Reyna is a mineralized trend identified in pre-

vious surface exploration by Dia Bras Mexicana - now Sierra Metals. 62 samples assayed in excess of 200g/t silver. Several samples assayed over 1,000g/t silver with a maximum of 5,140g/t silver, 1.67g/t gold, 0.63% copper, 7.64% lead and 1.33% zinc. Drilling extended less than 100 metres down hole. Reyna Silver's exploration team anticipates that this trend could continue to depth.

### Medicine Springs Silver Project

The Medicine Springs silver-lead-zinc project covers 4,831 hectares and is located in Elko, northeastern Nevada, just inside the Ruby Mountains Valley on the famous Carlin Trend. The project site is located on a large regional structure that hosts significant CRDs. Stockpile and rock chip samples are well above the 400g/t silver threshold in places. Sampling undertaken by previous owners indicates significant occurrences. Of 66 samples, 17 samples contained more than 100g/t silver, with a maximum value of 559g/t. In addition, 125 reverse circulation drill holes were completed to an average depth of only 43 metres. This included 33 metres of 90g/t silver, 7.6 metres of 138g/t silver and 6 metres of 225g/t silver. Other anomalous soil and rock silver grades highlight the silver potential of this area. Reyna Silver believes the system is more extensive than previously thought. In June 2021, Reyna Silver quadrupled its Medicine Springs land package.

### Strong shareholder structure

Reyna Silver has an extremely strong shareholder structure. MAG Silver is the largest single shareholder with about 8% of all outstanding shares and also provides excellent exploration expertise. 17% is held by management, another 40% by institutional investors, including Sprott Asset Management and several funds. Only about 35% are thus in the hands of small investors as free float.

### Summary: Several projects at once could cause Reyna Silver to explode

Reyna Silver has several hot irons in the fire, from which significant results can be expected in the coming months. At Guigui they are working on a drilling campaign of over 20,000 metres. At Batopilas, the drilling campaign is also in full swing. At La Reyna, extensive surface and chip sampling and detailed mapping is underway. For Medicine Springs, work is underway to redefine the extent of mineralization and evaluate existing drill targets. If only

one of 4 potentially high-calibre silver projects hits the bull's-eye, it should lead to a re-rating of Reyna Silver's shares. The relatively lean shareholder structure should help immensely. With an oversubscribed CA\$6 million financing completed in June 2021 Reyna Silver has enough capital to carry out all of its planned exploration activities.



*Anomalous soil and rock silver grades highlight Medicine Springs' silver potential.*  
(Source: Reyna Silver)

**ISIN:** CA76170Q1063  
**WKN:** A2P6EN  
**FRA:** 4ZC  
**TSX-V:** RSLV

Shares outstanding: 100.2 million  
Options/warrants: 18.1 million  
Fully diluted: 118.3 million

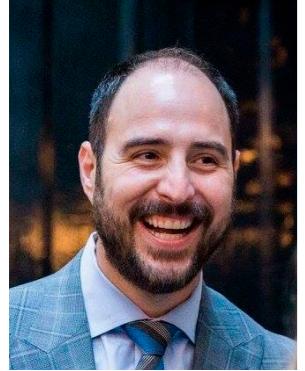
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### Reyna Silver Corp.



# Sierra Madre Gold & Silver

## Double chance for the main hit



Alex Langer, CEO

Sierra Madre Gold & Silver is a Canadian mining development company that was listed on the stock exchange in April 2021 and focuses on silver deposits (with gold as a by-product) in Mexico. They have already secured a very prospective project there with a high, historical resource. A big plus is the management, which consists of several top-class people in the industry.

### Tepic project – location and infrastructure

Sierra Madre Gold & Silver's flagship project is called Tepic and is located 22 kilometres south of the city of Tepic, which is the capital of the Mexican state of Nayarit. Tepic has a population of well over 300,000 and its own airport is located just 15 kilometres from the Tepic project. The surrounding area, considered very mine friendly, has a specialized workforce familiar with heavy equipment and mining in the area. Due to its proximity to the town of Tepic, Sierra Madre's project has close access to the national power grid. In addition, industrial suppliers, machinery and factories are readily available in Tepic. The Tepic project covers approximately 2,612 hectares.

### Tepic Project – Geology, Resource and Historical Exploration Work

Tepic hosts a shallow, low sulphidation epithermal gold and silver deposit located within the Sierra Madre Geological Province. The main focus is on silver deposits, with gold as a by-product. The project has an existing historical technical report from 2013, prepared in accordance with Canadian Mining Standard NI 43-101, with an indicated resource of 7.1 million ounces averaging 201g/t silver equivalent and an inferred resource of 3.1 million ounces averaging 181g/t silver equivalent. Approximately two-thirds of these resources are silver and one-third gold.

Previous owners have already completed 31,537 metres of core drilling in 149 holes, which are stored in the Sierra Madre camp. However, closer examination revealed exceedingly poor core recovery, averaging only 76%, in mineralized intercepts, which may have led to an underestimation of gold and silver grades. This assessment is confirmed by the collection of higher-grade samples from underground workings adjacent to the core intersections.

Further resource potential also comes from a reinterpretation of drill results that strongly suggest that, contrary to previous belief, the two Dos Hornos structures are not truncated but open along strike. Furthermore, the experienced Sierra Madre management team believes that the strike length continues much further and that the known ore body has further potential at depth.

The project also has good preliminary metallurgical test results for the recovery of gold and silver. Flotation tests and cyanide leaching of tailings have identified recoveries of up to 94% for gold and 90% for silver.

### Tepic Project – In-house Drilling and Upcoming Catalysts

Prior to the recent listing in April 2021, Sierra Madre identified more than 10 kilometres of hydrothermal mineralized structures on the project property, with several identified zones of mineralization extending over one kilometre with widths up to 200 metres. Reconnaissance sampling returned silver values ranging from <0.5 to 648 grams per tonne and gold values ranging from <0.005 to 7.43 g/t. Following the IPO, the Company commenced an extensive drilling program in May. This initially involved drilling 21 holes for which permits were already in place. In September 2021, the company was able to present drill results for the first time, and they were quite something. Among others, 15.2

metres with 2.23g/t gold and 263g/t silver as well as 22.9 metres with 1.47g/t gold and 119g/t silver were encountered. Further intersections in October 2021 included 9.2 metres of 54.2g/t silver and 6.52g/t gold. The company was thus able to prove that the already known mineralization is even larger than previously assumed. In addition, the company was able to identify 6 further potentially high-carat areas. Sierra Madre is currently working on the second phase of the drilling campaign, which is scheduled to begin shortly.

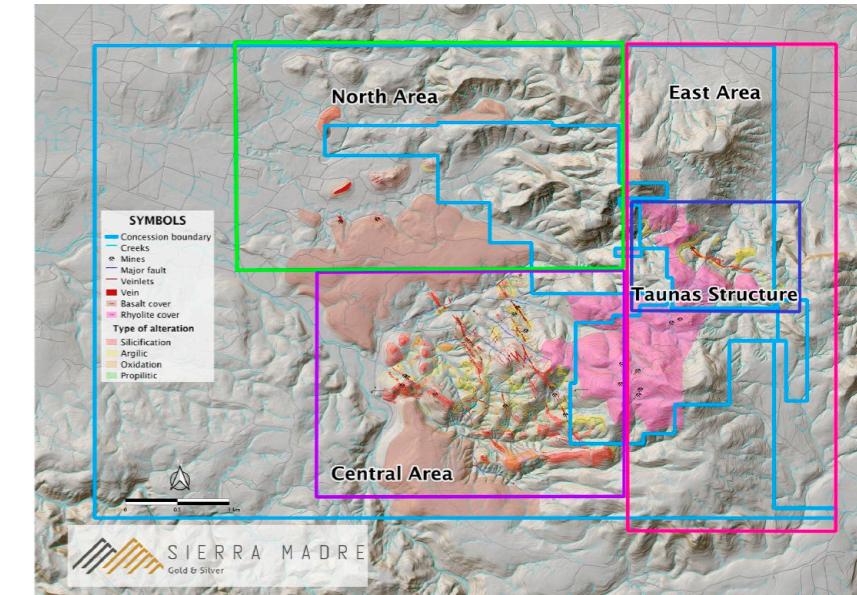
Depending on the results, this drilling campaign may expand to up to 200 holes. A first resource estimate is to be published in the fourth quarter of 2021. In 2022, the focus will be on the preparation of a first economic feasibility study. In addition, the company intends to quickly acquire additional projects that should lead to a significant increase in the resource base.

### La Tigra project

In July 2021, Sierra Madre acquired La Tigra, a second prospective gold and silver project. For this purpose, a purchase agreement was concluded with the owner of the property, Industrial Minera Mexico S.A. de C.V. (IMMSA), met.

La Tigra is located 148 kilometres north of Tepic in the Mexican state of Nayarit. The project consists of seven mining concessions totaling 357 hectares, covering most of the historic mines in the Distrito Minero Del Tigre.

According to reports from the state-owned Servicio Geológico Mexicano (SGM), gold was mined at La Tigra before 1900. From 1927, the Compañía Minera Unida Oriente S.A.de C.V. invested US\$ 500,000 to rehabilitate the mines, build new mines and construct new processing facilities. SGM reports that 13,110 tonnes of material grading 10 g/t gold and 358 g/t silver were processed.



Tepic hosts multiple zones of significant silver mineralization.

(Source Sierra Madre Gold & Silver)

The last mining took place between 1983 and 1991 when Compañía Minera Nayloro S.A. installed a flotation plant with a capacity of 250 tonnes per day. Since the cessation of operations at Nayloro and the sale of the equipment, minimal exploration activities have been conducted. As a result, Sierra Madre plans to immediately commence an exploration program on the La Tigra project, which will include compilation of historical data, surface mapping and key vein structures exposed by past mining and trenching.

This work is to prioritize drilling targets, with Phase 1 drilling expected to commence in the first quarter of 2022. The project has excellent infrastructure and is accessible by road after 10 Kilometres onto the highway.

The purchase agreements provide for payments totalling US\$1,500,000 over a three-year period. As part of the agreement, Sierra Madre is required to submit a NI 43-101 compliant technical report with a resource estimate before the end of the three-year period. Upon exercise of the option, IMMSA will receive a 2.5% NSR royalty. Sierra Madre may reacquire a 1.5% NSR interest for US\$1,500,000 at any time in the future.

## Exclusive interview with Alex Langer, CEO of Sierra Madre Gold & Silver

### Top management with many years of experience and a unique success story

The fact that Sierra Madre Gold & Silver has attracted many institutional investors right from the start is probably also related to its top-class management.

Executive Chairman Gregory Liller has more than 40 years of experience in exploration and mine development. He has served as an officer or director of publicly traded companies including Prime Mining, Genco Resources, Gammon Gold and Oracle Mining. During his career, he played a key role in the discovery and development of over 11 million ounces of gold and 600 million ounces of silver, as well as securing over \$300 million in equity financing and \$100 million in debt financing.

CEO Alex Langer is a successful public markets specialist with over 15 years of experience. He began his career as an Investment Advisor at Canaccord Genuity, where he was involved in the financing of over 100 private and public companies, including the IPOs of Endeavour Silver, Fortuna Silver and Great Panther. Most recently, he was co-founder and Vice President of Prime Mining and Millennial Lithium, where he managed the capital markets for both companies.

Exploration Chief Greg Smith is an exploration geologist with more than 30 years of experience. He has worked as a consultant and for both junior and senior mining companies in various parts of the world, including North, Central and South America, Europe and Africa. He has a broad range of experience from evaluating grassroots properties to overseeing advanced programs including resource and reserve estimation, overseeing geological and engineering activities for active underground and open pit operations including grade control, QA/QC programs and NI43-101 compliance. Smith was CEO and then VP Exploration of Calibre

Mining and helped the company acquire the El Limon and La Libertad gold mines in Nicaragua.

Advisor Andrew Bowering is a venture capitalist with 30 years of leadership experience in global mineral exploration and development. He founded Millennial Lithium, among other companies. Bowering has built several successful teams to pursue precious, base and industrial metals from exploration to production. He was or is the founder and operator of companies such as Caldera Environmental and American Lithium Corp.

### Summary: Two hot irons in the fire

Sierra Madre Gold & Silver is a real early-stage story, but it has several prerequisites for a real high-calibre project. Firstly, the flagship Tepic project already has a very near surface resource with average grades of around 200g/t silver equivalent, which is exceedingly high grade for a surface project. Furthermore, the project has excellent potential to increase resource size and grade due to poor drill core recovery from previous owners. The evaluation of the old drill core as well as the very extensive drill program, which has already shown first drill successes, will provide a massive news flow. Now the second, potentially high-calibre project La Tigra comes into play, which should also provide an increased news flow soon. Last but not least, Sierra Madre Gold & Silver has an experienced and successful management team that has proven several times in the past that it can lead early-stage projects to production.

### What have you and your company achieved in the past 12 months?

We raised \$17M and went public on the TSXV via RTO in April 2021. Shortly after listing, we commenced surface work and subsequently began a Phase 1 (2,136m) drill program on our Tepic Project in Nayarit, Mexico. We published our drill results in September.

#### Highlights:

- ▶ Hole TRC012 returned 15.2m @ 2.23 g/t Au, 263 g/t Ag (419 g/t AgEq)
- ▶ Hole TRC013 returned 22.9m @ 1.47 g/t Au, 119 g/t Ag (222 g/t AgEq)

We also put out the first 11 trenches from a 5,000m trenching program. Highlights of the results received thus far include TZ005 with 10.5 meters grading 91 g/t AgEq, TZ011 with 10.1 meters grading 119 g/t AgEq and TZ011A with 9.2 meters grading 543 g/t AgEq. Sierra Madre is currently sampling trench 33.

In July we acquired a second project called La Tigra, also located in Nayarit.

### What are the most important company catalysts for the next 6 to 12 months?

Tepic – trenching and drilling to progress towards a resource report due in H1 2022.  
La Tigra – drilling should start in November.

### How do you see the current situation on the market for silver?

Silver is not only a store of value it is used in so many industrial processes in a variety of sectors including medical, automotive (particularly EV), clean tech, solar panels, electronics, etc. The world is starting to realize the value of silver in terms of its vast industrial usage as well as a hedge against inflation. The amount of capital that is being printed is unsustainable and eventually should bode well for hard assets like precious metals. There are also significant supply constraints in silver looming. We remain very bullish on silver and expect it to have a run over the coming years, although timing remains difficult to predict.

**ISIN:** CA8263XP1041  
**WKN:** A3CM97  
**FRA:** 409  
**TSX-V:** SM

Shares outstanding: 63.9 million  
Warrants: 1.9 million  
Fully diluted: 65.9 million

#### Contact:

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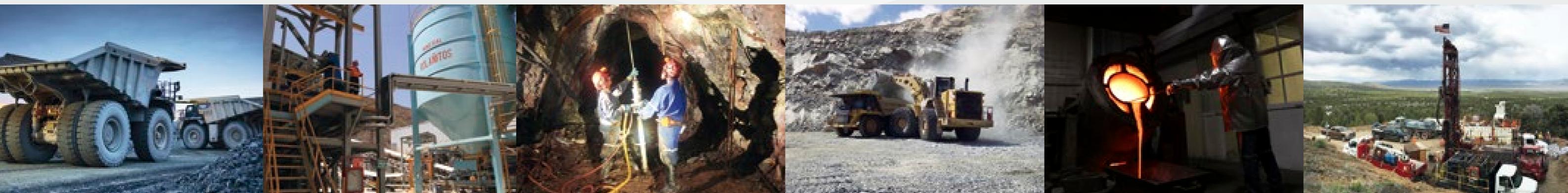
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## Sierra Madre Gold & Silver



# Overview of SRC's communication programs





 **SRC** swiss resource capital ag