



# Silver Report 2022

Everything you need to know about the precious metal silver!



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## Imprint

Editor  
Swiss Resource Capital AG  
Poststr. 1  
9100 Herisau, Schweiz  
Tel : +41 71 354 8501  
Fax : +41 71 560 4271  
info@resource-capital.ch  
www.resource-capital.ch

Editorial staff  
Jochen Staiger  
Tim Rödel

Layout/Design  
Frauke Deutsch

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## Preface

Dear Readers,

We started our special report series (which also includes a precious metals 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 wealth 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 5G will increase demand from now on while supply will decrease at the same time. Silver production will continue to decline worldwide in 2022. There are already signs of enormous growth in demand for silver in these sectors, which will not be met by the currently existing mines. In 2021, a deficit of 50 million ounces of silver was already seen and for 2022, a silver deficit of 70 million ounces is already expected. The solar industry is going through the roof. In the U.S. alone, 30 gigawatts will be installed next year, rising to 50 gigawatts in 2027. This will increase silver demand by about 70-100 million ounces per year alone, as 1 gigawatt of solar requires about 2.2 million ounces of silver.

Stocks at the LBMA in London fell to around 920 million ounces of silver last month. This means that physical stocks are also coming to an end. In view of ever-expanding money supply growth, silver will certainly continue to see high demand from the investment sector in the coming years.

Moreover, a highly manipulated silver futures market could become highly distressed in the foreseeable future when it comes to having to cover physical supplies. The LBMA's 920 million ounces also include ETF holdings that already belong to investors. But people like to present it as if deliveries are not a problem. However, you cannot deliver what does not belong to you. Because then it would be theft...

In this silver report, we will introduce you to some interesting companies that are suitable

for speculation on rising silver prices. We also want to give you the necessary basic knowledge by means of our general part, so that you can make your own decisions.

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My team and I hope you enjoy reading the Special Report Silver and that we can 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: The miracle metal shines with thousands of possible applications that will cause future demand to explode!

## Silver is irreplaceable for many high-tech applications

For many private investors, silver is merely a kind of store of value with little glitz and glamor. But this view is completely wrong. Although silver is clearly an investment to preserve value and is also nice to look at in the form of jewelry, silver nevertheless has a kind of „hybrid function“. This means that recently about 50% of the total silver demand came from the industry, while the rest was mainly demanded by professional investors in the form of bars and coins as well as by the jewelry industry. In this context, demand picked up strongly last year. Also from the investor side, but more and more demand is coming from booming high-tech sectors such as electromobility, photovoltaics and 5G technology. Although copper is by far the most widely used metal in electrical engineering, its unbeatable properties in terms of the highest electrical conductivity of all elements and the highest thermal conductivity of all metals clearly make silver one of the metals most in demand in the current decade, although production has long been unable to keep pace and there has de facto been an ever-greater supply deficit on the silver market for several years.

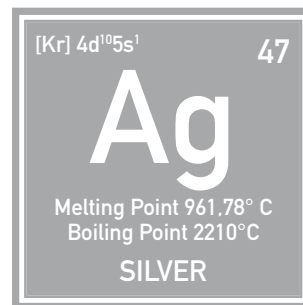
## The electric (car) revolution, the massive expansion of renewable energy sources, and the global establishment of 5G technology are causing demand for silver to explode.

A veritable explosion in demand with growth rates in the double-digit percentage range can be expected in the future, especially from industry, and the first signs of this have already been noticeable for several years. The energy sector in particular will play a dominant role. Especially the use in many new components of more and more electric vehicles, in photovoltaic sys-

tems (installed over several decades), but also in 5G networks and in the medical sector, will cause industrial demand to rise sharply in the coming years. This is made possible by the special properties of silver that cannot be replaced by any other metal, which will be discussed in more detail below.

## 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 properties, such as the highest electrical conductivity of all elements and the highest thermal conductivity of all metals. It is precisely these properties that make it an indispensable metal in 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 in the Corona crisis.

But silver is much more than that: unlike gold, it is sometimes bonded for many ye-



(Source: zlataky by unsplash.com)

ars in appropriate applications (e.g. photovoltaic panels), with the sheer volume of potential applications growing steadily as technology advances.

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.

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

Its top values in important properties (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 solde-

ring technology as soldering alloys (so-called hard soldering), contact materials (especially in relays) and conductive materials (for example as capacitor coatings).

Since silver has antibacterial and antiviral effects, it is already considered a potential savior in medical and pharmacological applications of the future.

## Supply situation

### Silver production approaches pre-crisis level again

According to „The Silver Institute“, global silver production reached its all-time high of around 900 million ounces in 2016. Since then, annual silver production fell steadily to around 836 million ounces in 2019. In the first corona year 2020, global silver production slumped to just 781 million ounces due to corona, falling below the 800-million-ounce mark for the first time since 2012. In 2021, there was an increase from an exceedingly low level to 823 million ounces, which was, however, below the le-



Global silver mine production 2005 - 2021  
(Source: own representation)

vel of the last pre-Corona year 2019. For 2022, experts at „The Silver Institute“ expect production to increase to around 843 million ounces, which would bring it back to the pre-crisis level of 2019. This development is primarily supported by higher production from primary silver mines.

With annual production of around 196 million ounces, Mexico ranked first among the producing nations in 2021, followed by China (113 million ounces) and Peru (108 million ounces). China thus replaced Peru as the second most important silver producer. These three countries were thus together responsible for around 50% 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 comes from mines where silver is only a by-product, i.e. mainly from zinc/lead mines, but also from copper and gold mines.

### Base and precious metal prices influence silver production in both directions

For many years, this heavy dependence primarily on base metals such as lead, zinc and copper meant that weak base and precious metal prices and the associated clo-

sure of mines or at least reduction in the corresponding base metal production also had a negative impact on the production of silver as a by-product. In recent years, price declines - above all for copper, but also for lead - have caused silver production to fall. A recent increase in base and precious metal prices will lead to an increase in supply from secondary mines in the short term, but several medium to large zinc/lead mines are expected to close in the coming years, which means that silver volumes are likely to decline. Furthermore, there is still an investment backlog which has accumulated in the past years due to the weak price development. Corresponding mining projects have been put on hold and only insufficiently developed. As a result, these projects are likely to be brought into production only after a long delay.

### Recycling share continues to rise, but cannot compensate for the existing supply deficit

Silver recycling fell since 2011 from 233 million ounces to just 146 million ounces by 2016. Since then, the recycling sector has been able to make some gains again, increasing its supply to 173 million ounces of silver by 2021. For 2022, a minimal increase of 4% to around 180.5 million ounces is expected here. This means that the existing supply deficit will not be offset by the recycling sector in 2022 either.

### Silver supply rising overall

Overall, global silver supply in 2021 (including recycling) recorded an increase of around 5% or 44 million ounces to 997.2 million ounces from an extremely low level. Silver production (excluding recycling) increased by 5%, recycling by 7%. For 2022, „The Silver Institute“ expects total silver supply to increase by 3% to 1,030 million ounces.

## Demand situation

### Silver demand continues to rise strongly

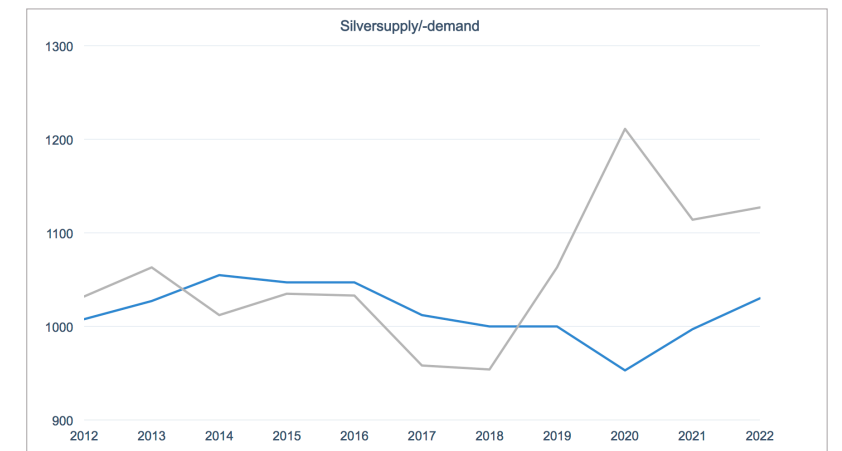
Total silver demand including ETPs (exchange traded products, physically deposited) reached a record high of around 1,063 million ounces in 2013 and fell to around 954 million ounces by 2018. In 2020, although there was a Corona-related slump in demand excluding ETPs to 880 million ounces, at the same time there was demand from ETPs of around 331 million ounces, resulting in record demand of 1,211 million ounces of silver. In 2021, total demand fell to about 1,114 million ounces. For 2022, „The Silver Institute“ expects demand to pick up to around 1,127 million ounces. Overall, demand for silver increased in all key sectors in 2021, with only ETPs having to contend with a sharp drop in demand.

### Demand from jewelry sector and industry record increases and record levels, respectively

The strongest increase in demand in 2021 was recorded by physical silver investments in the form of bars and coins with 278 million ounces (+36%), followed by silverware with +32% and the jewelry industry with +21%. Demand from the industrial sector (excluding photography) increased by 9% to a record high of 638 million ounces.

### Demand will also increase in 2022

For 2022, „The Silver Institute“ expects a further increase in silver demand to 1,127 million ounces. Due to steadily increasing silver applications and improved economic conditions, demand from industry is forecast to rise by 6% and for silverware by 23%. Demand for jewelry is expected to increase by around 11%, in 2022. Physical silver investments are expected to increase



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

only marginally by around 500,000 ounces to 279.2 million ounces of silver.

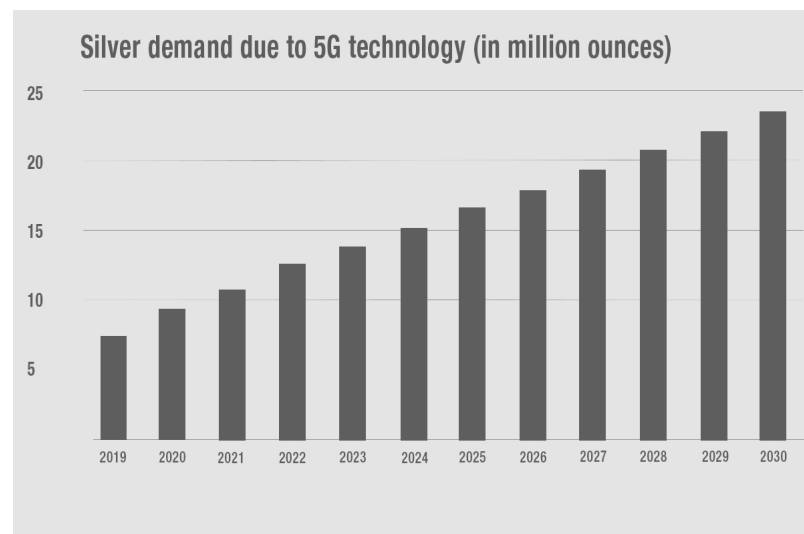
### Photovoltaics and electromobility cause rapid growth in demand

Since 2011, the photovoltaic sector has played a major role in silver demand. This rose from 48.4 million ounces in 2014 to 113.7 million ounces in 2021. For 2022, „The Silver Institute“ even expects further growth to 127 million ounces. Many governments around the world have issued ambitious plans to expand their photovoltaic fleets in recent years. Experts predict that demand from the photovoltaic sector could increase to up to 150 million ounces per year by 2025. Importantly, this means that more and more silver will be tied up in corresponding solar modules for several decades!

(Source: american-public-power-association by unsplash.com)







Forecasted silver demand due to 5G technology  
(Source: own representation)

Additional demand is coming from the automotive sector. Silver is increasingly used in a wide range of electronic components, the sheer number of which is greatly increased in electric vehicles - compared to vehicles with internal combustion engines. A fully equipped car may have more than 50 silver-tipped switches to activate such things as the engine, power steering, brakes, windows, mirrors, locks and other electrical accessories. In addition, silver is considered an important conductor in battery packs and solar panels for car roofs. 52 million ounces were demanded by the automotive sector alone in 2021. 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 85 million ounces per year. Just emerging is demand from the 5G sector. Some of the key components needed for 5G deployment include base stations, home devices (to replace wireless broadband), 5G smartphones, 5G antennas, radio frequency front-end module components, and optical transceivers. Despite all this, the increase in silver demand from the 5G revolution will not be driven so much by the direct introduction of 5G-enabled hardware but will manifest itself primarily through an expanded range of capabilities in which silver can play a significant role. This

new 5G-enabled ecosystem will create additional demand for semiconductor ICs/chips, memory, passive components, cabling, power distribution, IoT devices and MEMS sensors, all of which use silver products similar to those in the semiconductor segment. Overall, the electrical and electronics industry demanded 330 million ounces of silver in 2021. 60 million more than 10 years earlier. For 2022, „The Silver Institute“ projects an increase to more than 350 million ounces. This reflects the increasingly rapid expansion of the electromobility fleet. In the coming years, double-digit percentage leaps in demand for silver can be expected from this sector.

### Summary: Post-Corona Recovery Leads to Surge in Silver Demand Regardless of Disrupted Supply Chains and Recession Threats

In the silver sector, there was an oversupply until 2018, which turned into a supply deficit again from 2019 - initially thanks to increased inflows into silver-backed silver ETPs. In 2020, including ETPs, a supply deficit of 258 million ounces was even recorded; 2021 a supply deficit of around 116 million. For 2022, „The Silver Institute“ expects a supply deficit of „only“ just under 100 million ounces of silver. It is interesting to note that the increase in silver demand is then likely to come primarily from industry (around 37 million ounces more than in 2021), while the investment sector could experience a decline in demand. India’s continued hunger for jewelry (many weddings have been postponed from 2020/2021 to 2022) and the gradual unraveling of supply chain issues are also driving more industrial demand. And even the threat of recession doesn’t seem to be hurting demand for silver, the miracle metal. Too many new applications are now coming on stream at the same time and electromobility, which is still only delivering small volumes, is getting off the ground despite all the odds.



Silverpricechart, one year  
(Source: JS Charts by amCharts)

The supply side has recently picked up again, which is not surprising after the extremely weak year 2020. However, the highs of past years could not be reached again. In recent years, most primary silver producers focused primarily on reducing mining prices due to a persistent bear market in silver prices. Particular savings were made in exploration, which resulted in very few major deposits being discovered in recent years. Price weaknesses for several base metals meant that the development of mines producing silver as a by-product was initially put on hold. An equally lower silver price and at the same time noticeably rising mining costs, which are primarily due to inflation, recently caused noticeable problems for more and more silver producers. Many mines have all-in costs of US\$20 per ounce and more and will not be sustainable at the current price level for much longer. For 2022, an increase in production of 2% is still expected, but by 2023 this could look quite different.

On the other hand, there is a good chance of a strong expansion in demand due to an expected upswing, especially from high-tech boom industries, and on the other hand, additional demand from the investment sector, as many investors want to protect their savings from increasing currency devaluation and will invest in silver. Even in the event of a prolonged recession and the associated demand restraint, the

inflation-related increase in mining costs is likely to ensure that supply will not rise further either. A rising supply deficit is therefore the most likely option for the coming years.

### The best silver stocks promise multiplication potential!

This opens up the opportunity for good returns for interested silver investors. After all, the corresponding share values are still strongly undervalued. We have taken this as an opportunity to present some promising silver companies to you in the following. We focus primarily on development companies with extremely promising projects and on already producing mining companies with established and profitable deposits.



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



Prof. Dr. Torsten Dennin is Head of Asset Management and Member of the Board of Directors of Asset Management Switzerland AG. Since 2003, Prof. Dr. Dennin has been analyzing the international financial markets with a focus on commodities as well as the equity sectors Oil&Gas and Metals&Mining. Dr. Dennin studied economics at the University of Cologne, Germany, and at Pennsylvania State University, USA, and received his PhD in commodity markets from the Schumpeter School of Business and Economics. As a professor of economics, he teaches at several universities in Germany and Switzerland. Torsten Dennin is the author of several books. His latest book, *From Tulips to Bitcoins*, is published worldwide in seven languages. Torsten is married and lives with his wife and daughter in Switzerland.

**Prof. Dr. Dennin, the silver price has disappointed investors in recent months. What do you think was the reason for that?**

Silver as well as gold could not offer the safe haven investors expected from precious metals in times of rising and high inflation as well as geopolitical unrest. Both precious metals were weighed down by the prospect of rising interest rates and the strength of the U.S. dollar, which was also evident against other currencies such as the yen, pound and euro.

While gold declined by -6% in the first 9 months of 2022, silver declined much more, by -14%. At least, despite the strength of the dollar, the \$20 mark was regained for silver, so that the times of silver prices of \$15-\$18 should finally be over. This lets not least the operators of silver mines breathe a sigh of relief.

Silver mine production has meanwhile been able to compensate for the shortfalls caused by COVID-19, so that total silver supply will again easily exceed 1.000 million troy ounces in 2022. However, production growth will lag well behind demand growth, which could mark a new all-time high of more than 1,100 million troy ounces in 2022. Therefore, the industry organization Silver Institute forecasts an average price of \$24 for a troy ounce of silver in 2022, which is significantly above the current price level.

**Your latest book „From Tulips to Bitcoins“ has become an international bestseller. And in your books „Lukrative Rohstoffmärkte – Ein Blick hinter die Kulissen“ and „Afrika. Kontinent der Chancen“ you repeatedly address the topic of commodities, gold and silver. What fascinates you so much about the commodity markets?**

I am pleased that „From Tulips to Bitcoins“ has a broad appeal and has now been translated into seven languages. The unifying theme is speculation and financial

bubbles: The tulip mania in Holland in the 17th century was considered the biggest bubble in the financial markets for almost 400 years, until the Bitcoin bubble burst in 2017/2018.

The systematic of most bubbles is always the same, because irrational exaggerations are part of our free-market economic system, and when a bubble bursts, it becomes very uncomfortable in the financial markets. Currently, we are living in a debt bubble, fed by the money creation of the central banks to finance the government's Corona bailouts, economic stimulus and the green energy transition. In this capital market environment, real assets such as commodities, gold and silver are playing an increasingly important role. Precious metals such as gold and silver additionally have a long tradition as crisis currency and can help to secure assets, even in uncertain times. But be careful, of course this does not work every year!

In my new book „Games of Greed“, which will be published in spring 2023, I take up the topic of greed in the capital market. When Reddit wallstreetbets announced the largest silver short squeeze in history in early 2021 and predicted a rise to \$1,000, I was ready. The price of silver will rise significantly in the future. But not driven by spectacular greed, but by sound fundamentals!

**In 2022, inflows into physically backed silver ETPs/ETFs were down sharply. Have the silver bulls capitulated?**

Silver had a fantastic run in 2020. At the low this year, we were trading about 40% below the 2021 highs, so sentiment has dimmed significantly, many investors have thrown in the towel, and silver ETFs have seen massive redemptions. Investments in silver ETPs and ETFs have halved again year-over-year in 2022 and are at about 1/10th of 2020 levels. So yes, many silver bulls have capitulated at these prices, while demand from

**„Investing in gold and silver has never seemed as attractive as it does today: geopolitical risks, a printing press running at high pressure, persistently high inflation and a growing mountain of debt are making more and more people think of the security anchor precious metals.“**

the industry is rising at an above-average rate. Physical demand for coins and bars is also surprisingly robust. So, we expect a trend reversal in 2023 and ETP/ETF flows to pick up again. The year 2023 will see a return of the silver bulls.

**Along with copper, silver is considered by experts to be THE metal of the future. What are the reasons for this?**

Among experts, copper is considered the metal of electrification and e-mobility, and lithium currently irreplaceable in the field of commercial battery technology. Silver, on

the other hand, is often overlooked due to its dual character, precious and thus investment metal as well as industrial metal. Wrongly so, because silver is an all-rounder and indispensable in industry and electrical engineering. Silver plays an important role in the energy turnaround, because the photovoltaic industry demands more than 120 million ounces of silver worldwide. That is more than 10% of annual mine production. And silver will also play a significant role in the production of superconductors and RFID chips, important for the Internet of Things.

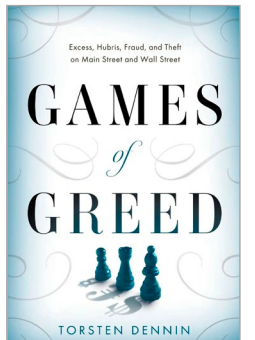
As a consequence of rising industrial demand, the Silver Institute again sees a supply deficit on the silver market in 2022, i.e. a situation where demand significantly exceeds silver production.

**Is the Russia-Ukraine crisis also playing a bigger role in silver?**

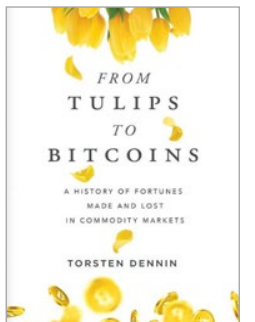
Gold and silver, as „safe havens“ for investors, are benefiting indirectly from this conflict, according to many investors. Since February 24, the quotations of the two precious metals have also risen noticeably at first, while the nervousness on the stock market has increased. But rising interest rates and dollar strength also made the silver market difficult.

The war in Ukraine and the sanctions against Russia enforced by the West, on the other hand, directly affect a large number of commodities, namely crude oil and natural gas, palladium, nickel and wheat. What many don't realize is that Russia is the world's largest wheat exporter and Ukraine ranks fifth after Canada, the U.S. and France. And higher energy prices in turn fuel the price development of other commodities and heat up inflation.

Also, the last major commodity booms in history were always driven by oil prices and led to rising inflation figures: the oil price shock in the 1970s, the Gulf War in the 1990s, and the commodity super cycle of

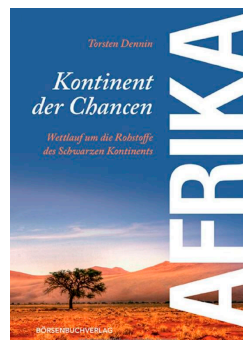


Torsten Dennin  
**Games of Greed**  
English manuscript available  
2022

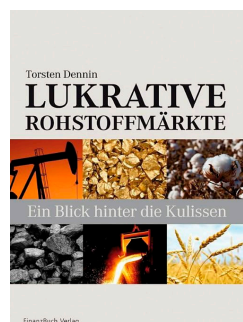


Torsten Dennin  
**From Tulips To Bitcoins**  
Greenleaf Publishing  
May 2019,  
ISBN 9781632992277





Torsten Dennin  
Afrika – Kontinent der Chancen  
Börsenbuchverlag, April 2013



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

the 2000s. I describe this with more background in my recent book, „From Tulips to Bitcoins.“

Another episode from „From Tulips to Bitcoins“ is the biggest speculative bubble of the silver market: fearing to lose their wealth gained from crude oil due to rising inflation, the Hunt brothers started investing their money in silver. The price of silver rose from under \$2 in 1973 to over \$50 in January 1980, finally collapsing on March 27, 1980 („Silver Thursday“). After the crash, the price of silver fell to below US\$5 per troy ounce and remained at that price level for over 20 years. The trauma of this failed silver speculation continues to reverberate to this day.

**So, the issue of inflation is much more important for precious metals like silver than the current conflict between Russia and Ukraine?**

An investment in gold and silver has never seemed as attractive as it does today: geopolitical risks, a printing press running at high pressure, persistently high inflation and a growing mountain of debt are making more and more people think of precious metals as an anchor of safety. In addition, the strong U.S. dollar is soaking up global liquidity like a sponge. This cannot go on for much longer, because the financial system seems to be out of control. After the bank bailout and the financing of a global economic and financial crisis came a bailout for the entire economy: Corona bailout money on an unprecedented scale. Now financial aid is on the horizon because of the threat of an economic slump due to the Russia-Ukraine conflict, which is being replaced by financing for the energy turnaround. For these reasons, we also do not see interest rates rising further over the masses.

As we feared this development, we launched the SRC Mining & Special Situations Certificate in cooperation with Swiss Re-

source Capital in 2019, which is focused on gold and silver mines in addition to a broad commodity exposure. Despite a global sell-off on the stock markets in 2022, the return is still in the green. The Angelmountain Precious Metals Fund, which we manage, is even more focused on gold and silver mining and exploration. Currently, silver mines account for about 1/3 of the fund's assets. An important success factor for both products is the regular exchange with the management of each of our portfolio companies.

**Where do you see opportunities on the one hand, but also risks for the further development of the silver sector on the other?**

The price development of gold and silver depends on many factors, the most important of which are the development of interest rates and inflation as well as investors' risk appetite.

The gold/silver ratio as an indicator of the relative attractiveness of silver has come back significantly from its all-time high but remains above the average of the past 30 years. This means that silver still has significant catch-up potential to gold.

Unlike gold, which was already trading close to its all-time highs, the price of the troy ounce of silver still needs to rise above \$50 to mark a new all-time high. Adjusted for inflation, the previous highs in the price of silver are \$60 in April 2011 and even over \$120 in March 1980.

Perhaps we are therefore really only at the beginning of a Golden Decade for precious metals, whose silver lining is just beginning to appear on the horizon.



## Invest with the commodity professionals



You do not have to be a stock market professional to make wise investment decisions.

Invest together with Swiss Resource Capital AG and Asset Management Switzerland AG in the megatrend commodities. Since 05.03.2020 the experts' specialist knowledge has been available as a Wikifolio certificate:

**SRC Mining & Special Situations Zertifikat**

**ISIN:** DE000LS9PQA9

**WKN:** LS9PQA

**Currency:** CHF/ Euro\*

**Certificate fee:** 0,95 % p.a.

**Performance fee:** 15 %

\*Trading in Euro is possible at the Euwax in Stuttgart.

Currently the following titles are represented in the SRC Mining & Special Situations Certificate (10/2022): AGNICO EAGLE MINES | ALPHA LITHIUM CORP. | ANGLO AMERICAN | ARIS MNG.CORP. | AURANIA RESOURCES | BARRICK GOLD | BHP BILLITON | CALEDONIA MINING | CALIBRE MINING | CANADA NICKEL | CHESAPEAKE GOLD | CONDOR GOLD | CONSOLIDATED URANIUM | COPPER MOUNTAIN MINING | CYPRESS DEVELOPMENT | DENARIUS METALS CORPORATION | DISCOVERY SILVER CORP. | ENDEAVOUR SILVER | FRANCO-NEVADA | FREEPORT-MCMORAN | FURY GOLD MINES | GOLD ROYALTY CORP. | GOLD TERRA RESOURCE | GOLDMINING | HANNAN METALS | ISOENERGY | KARORA RESOURCES | KUTCHO COPPER | LABRADOR URANIUM INC. | LI-METAL CORP. | MAG SILVER | MAPLE GOLD MINES | MAWSON GOLD | MEDMIRA INC. | NEWMONT GOLDCORP | OCEANAGOLD | OSISKO GOLD ROYALTIES | PETROBRAS (ADR) | REVIVAL GOLD | RIO TINTO | SATURN OIL & GAS | SIBANYE STILLWATER | SKEENA RESOURCES | SUMMA SILVER CORP. | TIER ONE SILVER INC. | TORQ RESOURCES INC. | TRILLIUM GOLD MINES | TUDOR GOLD | URANIUM ENERGY | VICTORIA GOLD | VIZSLA SILVER





Eloro Resources is a Canadian mining development company with high-profile silver, gold and base metal projects in Bolivia, Peru and Quebec. The main focus is on the promising metals silver and tin, which are facing a boom, from the electric revolution and increasing decarbonization. The flagship project Iska Iska is considered to be highly underexplored, but holds a high resource potential, as recent drilling has impressively shown. In recent months, for example, the company has repeatedly been able to report high-grade silver equivalents over several hundred meters in some cases. A virtual tour of the flagship Iska Iska project is available at the following link: [www.bit.ly/3Vf4tQb](http://www.bit.ly/3Vf4tQb). An initial resource estimate is in preparation.

**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 lithi-

um, such as Cerro Rico de Potosi, Silver Sand, San Bartolomé, Pulacayo, San Cristobal and San Vicente. The Iska Iska concession area is an easily road-accessible, royalty-free project and is located approximately 48 kilometers north of the town of Tupiza in the province of Sud Chichas in the department of Potosi. This places the approximately 1,200 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 – Geology, Exploration Activities and First Discoveries**

Iska Iska is a large silver-tin polymetallic porphyry epithermal complex associated with a Miocene, presumably collapsed/churned caldera, overlying rocks with large breccia pipes, 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.

Drilling there returned 129.60g/t silver equivalent over 257.5 meters directly from surface, 79.00g/t silver equivalent over 121.33 meters and 74.16g/t silver equivalent over 40.88 meters, among others.

The project was further shown to host multiple vents (pipes), some with diameters of several hundred meters. Drilling has confirmed a diameter of 400 meters for the Santa Barbara Pipe, with a further mineralized envelope of 100 meters around the vent for an effective mineralized diameter of 600 meters. The adjacent Central Breccia pipe 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 wide 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 „Potosi-type“ deposit.

Eloro Resources made its first real hit in April 2021 when it reported 166 meters at 442g/t silver equivalent including 56.2 meters at 1,092g/t silver equivalent. Further 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 and 51.09 metres at 318.15g/t silver equivalent. The longest mineralized interval returned 171.57g/t silver equivalent over 373.40 metres. There has been a very clear consistency in both the widths and grades of the mineralization, particularly in the most recent drilling.

Furthermore, the company was able to identify an additional significant vent. This is called the Porco (South) Breccia Pipe, which is approximately 600 meters 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. Several significant

mineralized intercepts were encountered there during the recent drill program. Trenching in an underground adit, for example, allowed the Company to detect 521g/t silver equivalent over a strike length of 103 meters, among others.

**Flagship Iska Iska Project – Recent Drilling Successes + Resource Estimate**

Eloro Resources has been working all year on additional drilling to test the breccia pipes at depth. This has already resulted in several high-profile discoveries in 2022 including 160g/t silver equivalent over 251 meters, 133g/t silver equivalent over 289 meters, 146g/t silver equivalent over 88 meters, 188g/t silver equivalent over 349 meters and 150g/t silver equivalent over 441 meters. All of these results were from the Santa Barbara zone. A magnetic inversion model also confirmed an extensive mineralized system at Iska Iska extending over a strike length of 2.4 kilometers. An initial resource estimate is expected to be released shortly.

In addition, a metallurgical test program is currently underway. The objective is to develop a preliminary flotation scheme to maximize lead, zinc and precious metals in saleable concentrates in the Santa Barbara polymetallic deposit and to develop a preliminary flotation scheme for tin in both the Santa Barbara deposit and the deeper tin-dominant mineralization.

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

Eloro Resource’s second potentially high-caliber project is called La Victoria (Eloro holds 82%), is located in central Peru and comprises 16 claims totaling 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 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 meters and a vertical extent of 700 meters and a strike length of 600 meters. Significant drill results included 7.31g/t gold over 3.4 metres, 4.31g/t gold 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 showed that epithermal gold-silver mineralization at La Victoria extends to a vertical depth of 1.5 kilometers.

In addition to this, a target area of over 4 kilometers strike length and at least 1 kilometer width was proven in the San Markito area. The best values from surface trenching returned 8.91g/t gold over 0.5 meters and 3.90g/t gold over 1.53 meters.

## Top management team

Eloro Resources is led by an excellent management team of which two personalities stand 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, Larsen was the founder, Chairman and CEO of Champion Minerals Ltd. and subsequent-

ly 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. 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: Initial resource estimate expected to show huge resource

Mineralization at Iska Iska indicates a massive porphyry-epithermal system. Several pipes have a strong tin porphyry affinity and probably overlie a large tin-gold-silver porphyry in the core of the massive Iska Iska system. In terms of metal content and geological setting, Iska Iska is comparable to neighboring world-class polymetallic systems, including Cerro Rico de Potosi, San Vicente, Chorolque, Tasna and Tatasi, which, however, do not have the large and notable mineralized breccia pipes of Iska Iska, providing great scope for a substantial deposit. An initial indication of the extent of this system will be provided by the resource estimate, which is expected to be released shortly. An ample financial cushion, which was increased by CA\$9.775 million in May 2022 by means of a widely oversubscribed financing, will continue to lead to increased newsflow in the weeks and months ahead.

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

Exceptionally strong results from the exploration program are the company's biggest success over the year. Eloro has been on a rapid pace of discovery drilling approximately 70,000 metres, yet we are far from defining the limits of this extensive porphyry-epithermal deposit complex. As per Dr. Bill Pearson, EVP of Exploration, observations, out of the over 100 holes drilled to date, not one has been blank, a testament to the quality of the deposit.

Our work in the community is also something of which we are immensely proud. Our social projects and school programs have resonated with the community, and we are eager to continue this going forward.

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

The next six months should see an abundance of key information related to the company, most notably a maiden resource estimate including detailed metallurgical results on the Santa Barbara area of ISKA ISKA. Although, this first pass resource will contain just a glimpse of the true potential of the entire property, it should provide investors a meaningful backdrop for valuation purposes.

Once established, this resource should also allow Eloro to graduate its listing in Canada to the TSX from the Canadian venture exchange. Management is also actively reviewing its US listing for potential graduation. High profile drilling targets will continue with several deeper drill targets in Porco, Mina 2, and Central breccia pipes. A decision on the best method to explore the sizeable tin porphyry at depth should be forthcoming as well. Initial exploration work is in the works for several other properties held in Bolivia.

As both tin and silver are integral to decarbonization and sustainable clean energy we

will be providing investors with our first ever sustainability report in 2023.

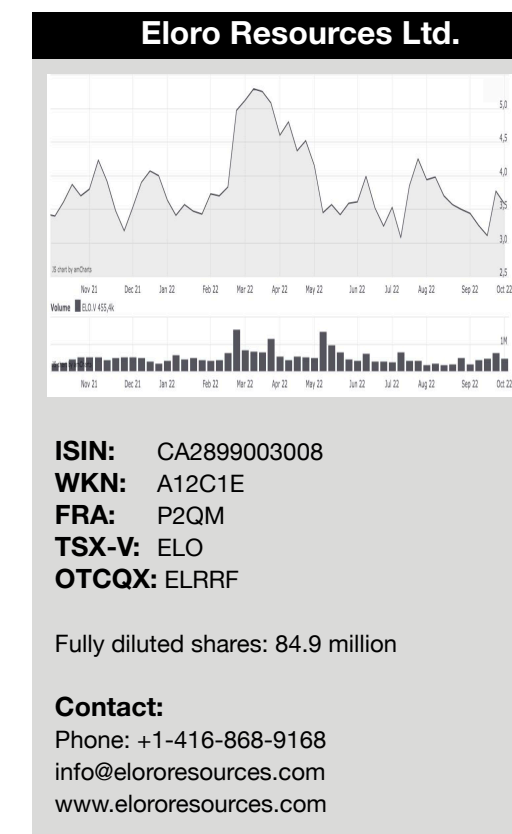
## How do you see the current situation on the market for silver?

After what arguably has been less than stellar performance for silver over the past year, pricing appears to have bottomed with pessimism at all-time highs. A near-term environment of higher inflation and political uncertainty should shift investor sentiment to a more supportive environment for holding precious metals.

The prospects for silver are probably more bullish in our view given the additional push to decarbonize our global economy. The push for more renewables and innovative technologies provides a strong backdrop for silver and one of our other key metals, tin, both of which are supply challenged.



Tom Larsen, CEO





# Endeavour Silver

## Profitable production + prospect of new mine + major acquisition



Endeavour Silver is a Canadian mining company and also one of the largest silver producers in North America. The company was able to produce a total of approximately 2.32 million ounces of silver and 18,173 ounces of gold in the first half of 2022 from its two Mexican mining facilities. For the full year 2022, the company could raise its planned production to up to 8 million ounces of silver equivalent. In addition, Endeavour Silver plans to build another (and then largest) mine as soon as the financing for it is secured. The acquisition of the huge Pitarrilla silver deposit (over 550 million ounces of silver) provides an additional boost to the development and growth pipeline.

### Guanaceví silver/gold mine

Endeavour Silver's Guanaceví plant has a processing capacity of 1,200 tonnes per day (tpd) of rock. In total, Endeavour Silver mined 2.328 million ounces of silver and 7,175 ounces of gold there in the first half of 2022. 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.

Guanaceví has several particularly high-grade areas. 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, results included 5,372g/t silver and 15.22g/t gold over 0.5 meters and 1,278g/t silver and 5.83g/t gold over 7.5 meters. Endeavour Silver was recently able to publish the highest results ever received.

### Bolañitos silver/gold mine

Endeavour Silver second mine complex is called Bolañitos. The processing capacity at Bolañitos is 1,600 tpd. In total, Endeavour Silver mined 346,162 ounces of silver and 10,827 ounces of gold there in the first half of 2022. At the end of 2020, reserves

were 2.53 million silver equivalent ounces and resources were 11.61 million silver equivalent ounces.

In 2019, Endeavour Silver published spectacular drill results from the two ore veins Plateros and San Miguel. 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.

The 2021 drill program returned additional high-grade discoveries of, among others, 8.08g/t gold and 151g/t silver over 1.67 meters and 1.26g/t gold and 342g/t silver over 0.96 meters.

### Terronera – Reserves/Resources

At the San Sebastian project, acquired in 2010, Endeavour Silver discovered high-grade silver-gold mineralization called Terronera, which has since given the project its name. The at least four large gold vein systems present there are each over three kilometers long. The highest concentration to date was an incredible 18,000 grams of silver equivalent per ton of rock! In total, Terronera had 68.81 million ounces of silver equivalent in reserves 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. Over the estimated 12-year mine life, an average of 5.9 million silver equivalent ounces is expected to be produced annually. An after-tax IRR of 21.3% was calculated for the underlying prices of US\$20.00 per ounce of silver and US\$1,575 per ounce of 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\$3.24 per ounce of silver. For a gold price of US\$1,800 and a silver price of US\$24 per ounce, there would even be an after-tax IRR of 30.0% and an NPV of US\$282 million, as well as an after-tax free cash flow of US\$467 million. The all-in sustaining costs for this case, including the gold credit, would be only US\$1.15 per ounce of silver.

### Terronera – mine plans

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

Front-end engineering and design work is well advanced, and procurement activities for long delivery schedules 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 go into production in 2023/24 and become Endeavour Silver's next and largest mine.

### Acquisition of the major project Pitarrilla

In July 2022, Endeavour Silver completed the purchase of the Pitarrilla project in Durango State, Mexico, through the acquisition of SSR Durango, S.A. de C.V. for total consideration of approximately US\$70 million in cash and shares and a 1.25% NSR Royalty. Pitarrilla is a large undeveloped silver, lead and zinc project located 160 kilometers north of Durango City in northern Mexico. Pitarrilla covers 4,950 hectares in five concession areas and has extensive infrastructure with direct access to utilities.



Guanaceví has a processing capacity of 1,200 tons of rock per day (tpd).

(Source: Endeavour Silver)

Furthermore, Pitarrilla hosts a historical measured and indicated mineral resource (open pit and underground) of 525.27 million ounces of silver, as well as a historical inferred open pit resource of 21.21 million ounces of silver and a historical inferred underground resource of 5.46 million ounces of silver. Endeavour Silver's first priority is to rapidly convert these historical resources into NI43-101 compliant resources. A total of CA\$1.8 million has been budgeted for this in 2022.

### Parral

In addition to the mines and Terronera, Endeavour has other potentially high-caliber development projects. For example, Parral, which has a total of 38.44 million ounces of silver equivalent resources (excluding lead and zinc). Recent drilling has returned high-grade results such as 644g/t silver equivalent over 1.96 meters, 428g/t silver equivalent over 3.48 meters and 747g/t silver equivalent over 5.56 meters. In the areas of the historic El Verde and Sierra Plata mining districts, extensions of mineralized zones at depth and along strike continue to be reviewed. The focus for the remainder of the year will be to test the

northern portion of the project with a surface drilling program on various north to south trending structures such as the northern extension of the Veta Colorada, San Alberto and El Cabezón systems, as well as the resumption of drilling on the San Patricio vein.

### Further development projects

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 at once.

In addition, they own the right to explore and mine precious metals on Capstone Mining's 181-hectare Toro del Cobre concessions, which are located above 2,000 meters above sea level. Among other things, 0.5 meters with a fabulous 16,350g/t silver equivalent was encountered there!

Furthermore, a portfolio of potentially high-caliber 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 expected to be drilled soon.

### Summary: Terronera will dramatically reduce all-in costs + Pitarrilla perfectly complements growth pipeline

Endeavour Silver owns two profitable mines and could start up another mine in 2023/24, Terronera, which would then be by far the company's largest mine. At the same time, the new mine at Terronera will drastically reduce all-in sustaining costs. The acquisition of Pitarrilla was a coup that fits perfectly with Endeavour Silver's experienced regional team, which has a track record of successful development, exploration and underground mining. Accordingly, Pitarrilla, together with the Terronera and Parral projects, form the key cornerstones of Endeavour Silver's medium to long-term growth profile. In addition, Guanacevi is steadily delivering new, high-grade silver equivalent grades, which should lead to lower mining costs in the future.

The company was able to generate US\$46 million in fresh capital in March 2022.

525 million silver ounces in resources. The project is not only complimentary to our regional platform in Mexico, but it also allows us to maintain a growth portfolio that is focused on silver. We are incredibly excited with this acquisition and are committing \$1.8 million in 2022 towards verification of the historical resource and drill mobilization.

- ▶ In the exploration department, we have been expanding resources through successful brownfield exploration at Guanacevi. Additionally, at Parral we are seeing resource expansion at depth and along strike in the Veta Colorado structure.
- ▶ We continued to advance and de-risk the Terronera project. Early works include detailed engineering, procurement, site clearing and optimization of the project while financial due diligence continues for project loan financing. A development budget of \$41 million has been approved for up to October 31, 2022, to order long lead items and prepare the site for full scale construction.

ration results and completing a preliminary economic assessment to model production.

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

We believe that we are at a major inflection point. Central Banks have been tasked with a delicate task of lowering inflation without crashing economies. However, the raising of interest rates from all time lows, has resulted in contractions in equity and bond markets and investors have fled to safety in the US dollar. Recently, we are starting to see indications that the economy has been slowing down and a credit squeeze could push governments back into to economic easing sooner than anticipated, which is positive for precious metals. Overall, record low interest rates, all time high debts and deficits, global money printing and declines in fiat currencies are all reasons to add gold and silver to the portfolio.

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

We can create shareholder value in the short term in by advancing our sector leading organic growth pipeline by:

- ▶ Making a development decision for Terronera – currently the top catalyst for our investors as it paves the way for near term growth – Terronera should become one of the lowest cost mines in the silver mining sector.
- ▶ Validating the historic resource at Pitarrilla and initiating a drilling campaign to define the high-grade core of the world's largest undeveloped silver deposit.
- ▶ Expanding resources at Parral, where we are currently seeing fantastic explo-

**Endeavour Silver Corp.**

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

Fully diluted shares: 195.1 million

**Contact:**  
 Phone: +1-604-640-4804  
 gmeleger@edrsilver.com  
 www.edrsilver.com



Dan Dickson, CEO

## Exclusive interview with Dan Dickson, CEO of Endeavour Silver

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

Over the past year, Endeavour Silver has accomplished a number of key milestones:

- ▶ From an operational standpoint, our safety performance has seen steady improvement over the past 2 years. Additionally, we increased our 2022 production guidance to 7.6 – 8.0 million ounces

of silver equivalent metal (80:1 silver: gold ratio) due to continued out-performance at Guanacevi from higher than expected grades.

- ▶ This past August, we completed the acquisition of the Pitarrilla project, adding a new project to the growth pipeline. The project was purchased from SSR mining for \$70 million and is the world's largest undeveloped silver deposit, containing



# First Majestic Silver

## Strong production growth to up to 50 million silver equivalent ounces by 2024

First Majestic Silver is a Canadian mining company focused on producing silver and gold from its four highly profitable mines in Mexico and Nevada. In the second quarter of 2022, the company reported production of 7.7 million silver equivalent ounces (including gold by-products), a 20% increase over the second quarter of 2021. For 2022, First Majestic Silver is targeting another record production of between 32.5 and 34.6 million silver equivalent ounces from its three Mexican mines and the U.S. mine. In 2024, the company aims to reach the 50 million silver ounce mark, which would nearly double the 2021 production rate.

### San Dimas Silver/Gold Mine

The San Dimas operation is First Majestic Silver's largest and lowest-cost silver mine. In the second quarter of 2022, the mine produced a total of approximately 3.05 million silver equivalent ounces. The company expects to produce between 12.8 and 13.6 million silver equivalent ounces in the current year 2022 at an all-in sustaining cost of less than US\$12.98 per ounce. San Dimas had measured and indicated resources of 113.4 million silver equivalent ounces (including reserves of 76.6 million silver equivalent ounces) and inferred resources of

74.6 million silver equivalent ounces at the end of 2021. The new 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 mine operation receives 50% of the required energy from low-cost and environmentally friendly hydropower, with the option to increase this share up to 100%.

### Santa Elena Silver/Gold Mine

The Santa Elena operation produced a total of approximately 2.24 million silver equivalent ounces in the second quarter of 2022. The Company expects to recover between 8.7 and 9.2 million silver equivalent ounces from the mine in the current year 2022, at an all-in sustaining cost of less than US\$14.05 per ounce. Santa Elena (including its Ermitaño satellite project) had measured and indicated resources of 70.8 million silver equivalent ounces (including reserves of 54.3 million silver equivalent ounces) and inferred resources of 49.9 million silver equivalent ounces at the end of 2021. First Majestic Silver has already installed a 3,000 tpd HIG mill at Santa Elena,

and silver and gold recovery rates have increased significantly to 93% and 96%, respectively. As of March 2021, the operation is largely powered by liquefied natural gas „LNG“, saving the Company approximately US\$1 million per month or US\$1.50 - US\$2.00 per ounce. Currently, the company is working on a significant expansion of LNG capacity.

### Double mine Santa Elena – Ermitaño

Santa Elena reported record production in the second quarter of 2022, primarily due to the establishment of the Ermitaño satellite mine.

A prefeasibility study completed in November 2021 calculated an after-tax NPV/5% of US\$64.8 million and an after-tax IRR of 34% for Ermitaño for the base case (US\$1,700/ounce gold, US\$22.50/ounce silver).

In early November 2021, First Majestic Silver was pleased to announce the first doré pour from Ermitaño from development reserves at the Santa Elena plant. Ore production from this new mine is expected to increase during 2022 and into 2023.

Ermitaño has additional exploration potential. For example, drill results from the Ermitaño project included 13 meters of 1,003 g/t silver equivalent, 9.9 meters of 1,209 g/t silver equivalent, 9.1 meters of 1,447 g/t silver equivalent and 2.3 meters of 3,391 g/t silver equivalent. First Majestic Silver has an additional 100,000+ hectares of land in the vicinity of the Santa Elena Mine that offer further potential for new discoveries.

### La Encantada Silver Mine

La Encantada, a near 100% silver mine, produced a total of approximately 871,365 silver ounces in the second quarter of 2022. The Company expects to recover between 3.0 and 3.2 million ounces of silver from the

mine in the current year 2022, at an all-in sustaining cost of less than US\$19.16 per ounce. La Encantada had measured and indicated resources of 32.8 million ounces of silver (including 12.3 million ounces of silver reserves) and inferred resources of 20.5 million ounces of silver at the end of 2021. First Majestic Silver is currently working to modify the roasting circuit to recycle tailings, 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

The Jerritt Canyon Gold Mine is located in Nevada, USA, was discovered in 1972, has been in production 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 4,500 tons per day. The company produced 18,632 ounces of gold, or the equivalent of approximately 1.55 million ounces of silver equivalent, from the Jerritt Canyon Gold Mine in the second quarter of 2022. First Majestic Silver is projecting total production of between 96,000 and 103,000 ounces of gold (8.0 to 8.6 million ounces of silver equivalent) for the current year 2022. At the end of 2021, Jerritt Canyon had measured and indicated resources of 115.5 million silver equivalent ounces (including reserves of 34.3 million silver equivalent ounces) and inferred resources of 89.9 million silver equivalent ounces.

In 2022, the West Generator and Saval II mines were restarted. This will lead to an increase in the head grade and a doubling of the processed rock to over 3,000 tons per day. This will allow a significant reduction in AISC to be achieved.

The project site consists of a large, undeveloped land package covering 30,821



(Source First Majestic)

hectares. First Majestic Silver has identified several opportunities to improve both the cost and production profile of Jerritt Canyon, as well as near-term brownfield potential between the SSX and Smith mines and long-term cross-property exploration potential.

Recently, the company announced some impressive drill results from Jerritt Canyon. Among others, 29.7 meters of 8.39g/t gold and 23.2 meters of 19.35g/t gold were encountered in close proximity to the current SSX/Smith underground mine. Further intercepts included 11.81g/t gold over 13.7 meters and several long intercepts with more than 2.00g/t gold in places. In total, the first drill program at Jerritt Canyon covers 135,000 meters.

### Springpole Stream

In June 2020, First Majestic Silver entered into a silver stream agreement with First Mining Gold to acquire 50% of future silver production 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 Silver 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 at its 41,913-hectare project.

### Regular dividend payment

In December 2020, First Majestic Silver announced its first dividend policy. Accordingly, the Board of Directors adopted a dividend policy under which the Company intends to pay quarterly dividends to shareholders equal to 1% of the Company's net sales, with dividends effectively lin-

ked to silver prices and production rates. Most recently, First Majestic Silver shareholders received a dividend of US\$0.0061 per share for the second quarter of 2022.

### Focus on exploration, mine expansion and Ermitaño development

Intensive work is currently underway on modernization and expansion measures at all mines, focusing not only on increasing production and reducing operating costs, but also on the use of environmentally friendly energy. In 2022, the company plans to invest a total of almost US\$200 million, consisting of US\$83.9 million for sustainable investments and US\$115.6 million for expansion projects.

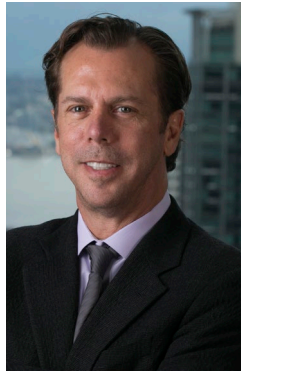
The Company plans to increase exploration and underground drilling to approximately 286,000 meters in 2022. The focus will be on San Dimas and Jerritt Canyon.

At the same time, First Majestic continues to advance the Ermitaño project to bring it to high-capacity utilization of up to 2,000 tons per day as quickly as possible.

### Summary: Higher subsidies, falling costs

First Majestic Silver operates four mines highly profitably and is preparing to utilize the existing capacities even more. This has recently led to new production records, with Santa Elena/Ermitaño and Jerritt Canyon in particular set to expand production in the coming months. This should increase production by up to 50% within the next two years. This should be accompanied by a drastic drop in AISC, making First Majestic Silver a top investment.

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



Keith Neumeyer, CEO

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

Highlights over the past twelve months include:

- ▶ After six years since its initial discovery, the Company successfully began underground ore production from the Ermitaño mine near Santa Elena in the fourth quarter of 2021. This important new mine is expected to significantly increase production and reduce costs at Santa Elena as it ramps up in 2022 and 2023.
- ▶ Production reached a new Company record of 26.9 million silver equivalent ounces in 2021, consisting of 12.8 million silver ounces and 192,353 gold ounces, or a 32% increase over 2020. This growth was primarily due to the start of production at the Ermitaño mine near Santa Elena and the acquisition of the Jerritt Canyon Gold Mine.

- ▶ Restarting the West Generator & Saval II underground mines at Jerritt Canyon which are expected to increase production and reduce All-In Sustaining Costs

- ▶ Continued improvements in metallurgical recoveries through implementation of microbubbles, fine grinding & other R&D

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

First Majestic, a senior silver producer, is known for its focus on silver purity and its strong leverage to silver prices. The Company owns and operates four doré-producing mines and is projecting organic growth of between 45 – 50 million silver equivalent ounces per year by the end of 2024 (up from an estimated 33 million in 2022).

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

Major catalysts for First Majestic in 2021 will include:

- ▶ Projecting significant production growth to 45-50 million silver equivalent ounces by the end of 2024
- ▶ Expanding the Santa Elena LNG facility from 14 MW to 24 MW with four additional LNG generators to increase power capacity to support the new Ermitaño Mine
- ▶ The Company is installing a dual circuit at the Santa Elena operation in order to increase recoveries by allowing finer grinding capabilities of Ermitaño ore.
- ▶ At Santa Elena's Ermitaño Mine, production is anticipated to ramp up from 1,000 tpd to 2,000 tpd by 2023

### First Majestic Silver Corp.



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

Fully diluted shares: 275.8 million

#### Contact:

Phone: +1-604-688-3033  
info@firstmajestic.com  
www.firstmajestic.com



# MAG Silver

## Low-cost silver production and steady resource expansion



MAG Silver is a Canadian mining company and was recently able to bring its Juanicipio project into production together with its partner Fresnillo. Investors can expect the big breakthrough in the fourth quarter of 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 produced good results recently. With the acquisition of Gatling Exploration, the high-caliber Larder project in Ontario was also secured.

### Juanicipio Silver Project – Ownership + 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 large projects directly adjacent to Juanicipio. Juanicipio is surrounded by high-caliber mining projects within the Fresnillo Silver Trend, which to date have produced more than four billion ounces of silver, or over 10% of the world's total silver production. Due to its proximity to the city of Fresnillo, Juanicipio is directly linked to a very well-developed infrastructure.

*Juanicipio silver project being developed jointly with Fresnillo Plc. (Source: MAG Silver)*



### 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 this 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 in the mineralized system. However, the known resource is still open on several sides, so it is far from completely delineated.

### 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 latest economic feasibility study (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 is only 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, currently nevertheless conservative 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, this results in a payback period of 1.2 years, an after-tax NPV of US\$1.729 billion and an after-tax IRR of 61%.

### Juanicipio Silver Project – Production + off-take agreements

The Juanicipio Mine is an underground mine. In the second quarter of 2022, a total of 154,000 tonnes of mineralized material were processed, resulting in a yield of 2.2 million ounces of silver, 5,119 ounces of gold, 1,016 tonnes of lead and 1,599 tonnes of zinc. The processing did not yet take place in the company's own 4,000 tpd plant, but only on a daily basis in the Saucito and Fresnillo mills of the partner of the same name, Fresnillo. The company's own plant will start operations in the fourth quarter of 2022 and will then process much higher tonnages. Furthermore, both lead and zinc offtake agreements have been reached by the partners, according to which both concentrates will be traded at market conditions by Met-Mex Peñoles, S.A. De C.V., in Torreón, Mexico.

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

Juanicipio has unprecedented exploration potential. Looking at the immediate vicinity 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 mineralizations and are likely to extend into the Joint Venture area.

### Juanicipio Silver Project – Drilling Successes Provide Higher Resource Base

Since the release of the last resource estimate in 2017, the Company has announced on several occasions that significant silver/gold mineralization has been encountered in drilling to expand the Valdecanas Deep Zone West.

This included 11.6 meters of 783g/t silver, 2.57g/t gold, 6.52% lead, 9.46% zinc, 0.32% copper, 5.20 meters of 333g/t silver, 16.87g/t gold, 4.47% lead, 3.77% zinc, 1.04% copper, including 1.44 meters of 854g/t silver, 54,67g/t gold, 3.21% lead, 2.72% zinc, 2.28% copper and 5.60 meters of 177g/t silver, 7.36g/t gold, 2.39% lead, 6.31% zinc, 0.12% copper, including 3.15 meters of 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 zones.

In addition, a parallel mineralization called Pre-Anticipada was detected. This contained up to 3.2 meters of 472g/t silver, 0.31g/t gold, 0.39% lead, 0.43% zinc and 0.03% copper.

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 2020, the Deep Zone was able to report another bull's eye. 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-meter intercept. The 2020 drill program returned other outstanding results including 1.0 meter of 7,920g/t silver and 4.3g/t gold plus lead, zinc and copper, 3.95 meters of 3,584g/t silver, and 5.7g/t gold plus base metals, and 8.60 meters of



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



Exploration Drilling on the Deer Trail Property  
(Source: MAG Silver)

1,356g/t silver and 3.3g/t gold. Longer intercepts were also encountered including 37.85 meters of 357g/t silver plus by-products.

### Deer Trail Project

The Deer Trail Project is located in Utah and comprises 111 patented and 682 unpatented claims (approximately 5,600 hectares) covering the historic Deer Trail Mine and adjacent Alunite Ridge area. MAG Silver anticipates that the high-grade silver, gold, lead, zinc and copper CRD sulfides at the Deer Trail Mine are linked by miles of continuous mineralization to a porphyry copper-molybdenum center located west near Alunite Ridge. Initial drilling encountered 0.50 meters of 426g/t silver, 6.5g/t gold and 17.1% lead and zinc, and 1.90 meters of 952g/t silver, 38.2g/t gold and 9.2% lead and zinc, among others.

### Larder Project

The Larder Project hosts three high-grade gold deposits along the Cadillac-Larder Lake Break, 35 kilometers east of Kirkland Lake in Northern Ontario. The project is 100% owned by MAG Silver and consists of patented and unpatented claims, leases and mining licenses in the communities of

McVittie and McGarry. The 3,370-hectare project area is located 7 kilometers west of the Kerr Addison mine. All portions of the Larder property are readily accessible, and MAG Silver expects the existing exploration team, acquired from Gatling Exploration, to continue to operate.

### Summary: Ramp-up will quickly lead to high positive cash flow

MAG Silver owns Juanicipio, one of the highest-grade silver deposits in the world, and has now 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 commercial production start-up, including the ramp-up phase, will provide the company with positive cash flow in the coming months. From then on, money will literally be printed, as Juanicipio is one of the lowest cost producing silver mines in the world. With the Deer Trail project and the Larder project, MAG Silver has a good development pipeline, including diversification to three countries.

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

The Juanicipio Joint Venture (56% Fresnillo plc and the operator, 44% MAG) completed construction of the Juanicipio processing plant at the end of 2021 and have water-commissioned the entire plant with the exception of the grinding mills. Additional power is required to operate the grinding mills, and the Joint Venture is awaiting connection to the Mexican National electricity grid from the relevant power authorities.

During the course of 2022, and up till the electricity is connected, considerable tonnage from underground has been processed at the two neighbouring Fresnillo processing plants. This has been very fortuitous for MAG and the Joint Venture, as the processing of the Juanicipio mineralization has been understood, which will de-risk the plant start-up, significant cash flow has been produced during the year, and most importantly, the high-grade nature of the Valdecanas vein has been confirmed.

Exploration drilling continues on the Juanicipio property, comprising ongoing step-out and in-fill drilling around the Valdecanas vein system, and a new greenfield exploration target: Cesantoni.

Drilling has continued at the Deer Trail property in Utah, following up on the very successful Phase I drill campaign of 2021 – results from the 2022 drilling are anticipated to be released in early 2023.

MAG successfully executed an opportunistic acquisition of Gatling Exploration in the second quarter of 2022. The interest here is the Larder property, where MAG believes the deeper levels of a number of exploration target on the property have been untested. Larder sits on the historically prolific Cadillac-Larder break in Eastern Canada, which is one of the most productive gold systems in the world.

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

Connecting the Juanicipio process plant to the National power grid in Mexico and commence ramp up production. Successful exploration drilling on the Juanicipio property, and also at Deer Trail and Larder.

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

The silver market is poised for a long-term bull run. As silver production has been reducing over the past few years due to mine site closures, demand has been increasing. This is a classic supply demand scenario that will realize higher prices. Coupled with the effect of higher interest rates and inflation on global economies, Silver is in for a very good run.



George Paspalas, CEO

**MAG Silver Corp.**

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

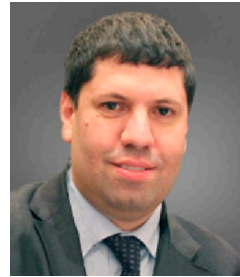
Fully diluted shares: 100.8 million

**Contact:**  
 Phone: +1 604-630-1399  
 info@magsilver.com  
 www.magsilver.com



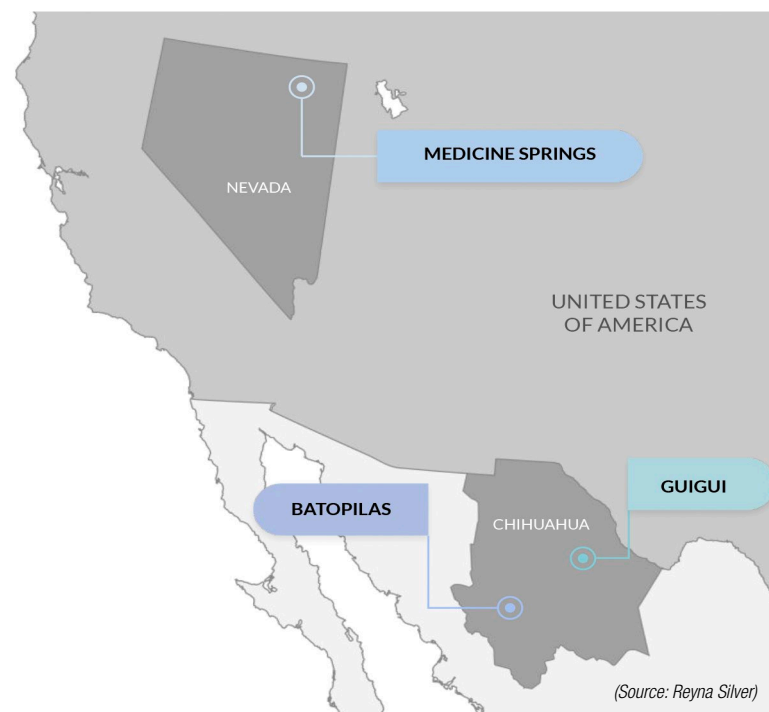
# Reyna Silver

## Several hot irons in the fire in Mexico and Nevada



Jorge Ramiro Monroy, CEO

Reyna Silver is a Canadian mining development company with several potentially high-caliber silver projects in the Mexican state of Chihuahua and another project in Nevada. The company has already announced several spectacular silver discoveries, which will be confirmed by drilling in 2021. The head of the exploration team is Dr. Peter Megaw, who has made some spectacular finds in the past, including MAG Silver's huge Juanicipio deposit. The majority of the shares are held by management or institutional investors. The largest single shareholder is MAG Silver. Sprott is also on board.



### Guigui flagship project – 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. An international airport is also 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 permit areas are located in the southern portion of the Santa Eulalia District, which to date has only been sporadically explored for high grade silver deposits. 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 also 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 meters averaging 523g/t silver equivalent when it followed up on the shoots of the operational San Antonio Mine.

### Guigui flagship project Own exploration activities

Peter Megaw also leads the exploration team at Reyna Silver. In October 2021, the

first full hit at Guigui was announced. Two drill holes encountered a previously unknown rhyolitic intrusion over 200 meters thick with extensive high-grade sulfide mineralization along its base. One of the drill holes intersected 54.90 meters of pervasive multi-stage epidote skarn alteration intersected by at least 4 overlying sulphide mineralization levels. There, 184 g/t silver was also encountered over 2.3 meters, including a 0.59-meter intercept of 523 g/t silver. Below this is a zone of higher-grade zinc (up to 18.35% zinc). Adjacent to a zone of weakly sulfidized skarn is a narrow copper-bearing step (up to 1.58% copper) with moderate zinc. The lowermost 15 meters of the mineralized skarn are the most mineralized and have consistently high zinc grades (up to 15.2% zinc).

### 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 kilometers southwest of Chihuahua City. Another 15 kilometers 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.

### Batopilas Silver Project – 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 up to 75% silver. Batopilas was discovered around 1630. Historical production from 1632-1912 was approximately 300 million ounces of silver with average grades exceeding 1,500g/t. This high-grade production was from more



Drill core from previous drill programs at Guigui. (Source: Reyna Silver)

than 30 known veins. Mineralization is in the form of pods of crystalline native silver irregularly distributed along persistent structures over a vertical distance of over 700 meters.

### Batopilas Silver Project – Exploration Successes to Date

Initial modern drilling conducted by MAG Silver included 1.7 meters averaging 2,357g/t silver, including 20cm averaging 19,000g/t silver, and 1 meter averaging 3,000g/t silver. An initial, in-house drilling program commenced in June 2021 and immediately resulted in initial drilling successes. This intersected relatively near-surface short intervals of up to 28.70g/t gold and 10,565g/t silver. Additional sampling showed more than 10% of the 1,500 samples contained grades between 1.1 and 32.6g/t silver. 6% contained grades between 199 and 14,170g/t silver. 25% contained both gold and silver.





Batopilas: Silver herringbone crystal with black argentite (acanthite), about 3 cm long  
(Source: Reyna Silver)

### Batopilas Silver Project – Own Exploration Activities

Reyna Silver conducted an extensive sampling program from October to December 2020. This yielded a total of 258 samples containing silver grades ranging from 305 to 42,302g/t silver and 1.03 to 21.4g/t gold. These were from the northwest area of the 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 a distinct alteration mineralogy is consistent with new and long known structures; additional anomalies have been reviewed and sampled.

### Silver Project La Reyna

The La Reyna Silver Project covers approximately 300 hectares plus the former La Reyna Mine and is located in the eastern part of the Cusihiuiriachic Silver District,

from which approximately 80 million ounces of silver plus by-products have historically been mined. The project site is located 10 kilometers southeast of the village of Cusihiuiriachic and 32 kilometers southeast of Cuauhtémoc. It is approximately 140 kilometers 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 kilometers northwest of La Reyna. Running through La Reyna is a mineralized trend identified in previous 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 meters to depth. Reyna Silver's exploration team anticipates that this trend may continue to depth.

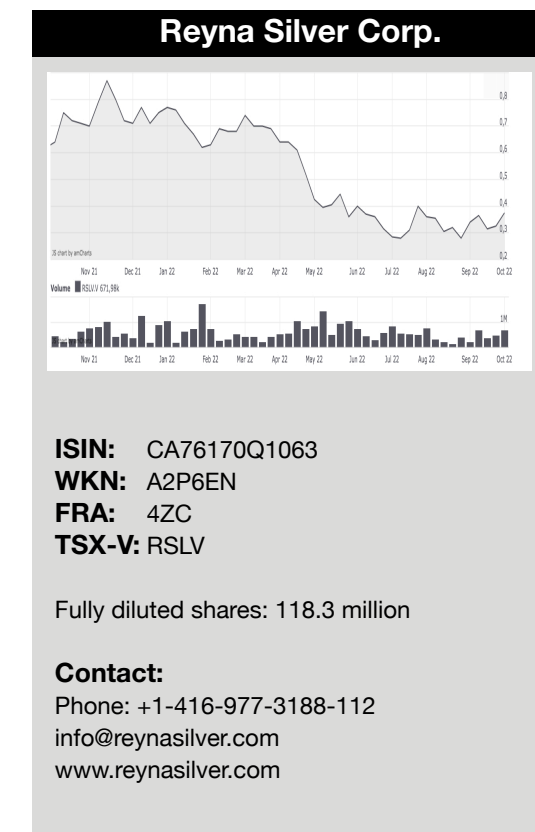
### Medicine Springs Silver Project

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. Furthermore, 125 reverse circulation drill holes were completed with an average depth of only 43 meters. This included 33 meters of 90g/t silver, 7.6 meters of 138g/t silver and 6 meters of 225g/t silver. Other anomalous soil and rock silver grades highlight the silver potential of this area. Reyna Silver conducted its own soil sampling program in 2021 and encountered very good results for silver (37 samples returned over 66g/t, two of which returned over 1,000g/t silver), lead and zinc in a 6x6 kilometer area, with copper along a prominent NE-SW striking structural network. The Company commenced an extensive exploration campaign in May 2022, including up to 7,000 meters of drilling which commenced in September 2022.

### Summary: Oversubscribed financing enables rapid exploration

Reyna Silver has several high-caliber projects in its portfolio, from which significant results are expected in the coming months. At Guigui, the company has already made a find and should be able to land further direct hits in the near future. At Batopilas, the drilling campaign is 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. A drilling campaign is planned here for the current year 2022. If only one of 4 potentially high-caliber silver projects hits the bull's eye, this should lead to a revaluation of Reyna Silver shares. The silver pope Dr. Peter Megaw, who practically discovers top deposits on a continuous basis, should ensure this. By means of an oversubscribed financing of CA\$5 million, which was closed in June 2022, Reyna Silver has sufficient capital to carry out all planned exploration activities.





# Sierra Madre Gold & Silver

## One bull's eye after another and a permitted production plant ready to start up



Sierra Madre Gold & Silver is a Canadian mining development company focused on silver and gold deposits in Mexico. There, two highly prospective projects with a high historical resource have already been secured. Initial drilling results indicate high-caliber deposits. In addition, the La Guitarra silver mine, including a production facility ready for start-up, was secured from First Majestic Silver.

### La Guitarra Silver Gold Mine

This mine, including a fully permitted and ready-to-start processing plant, was secured in May 2022 through the issuance of approximately 69 million treasury shares, making First Majestic Silver the largest single shareholder. La Guitarra is located in the southeastern part of Mexico's silver belt; an underground mine operated there until August 2018. Previous production was in the range of 1 million to 1.5 million silver equivalent ounces per year between 2015 and 2018. Current infrastructure includes two underground centers (La Guitarra and Coloso), the 500 tonne per day flotation mill, a permitted tailings facility, several work buildings, equipment and related inf-

rastructure. La Guitarra hosts historical Measured and Indicated Mineral Resources of approximately 7.45 million silver equivalent ounces and historical Inferred Mineral Resources of approximately 10.02 million silver equivalent ounces. Several management members operated the mine from 2006 to 2009 and believe that the mine could host one of the largest underground deposits of silver in all of Mexico. For example, the project site hosts 15 kilometers of known structures that have not yet been tested.

### Tepic project – Location and infrastructure

Sierra Madre Gold & Silver's other flagship project is called Tepic and is located 22 kilometers 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, located just 15 kilometers 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 2,612.5 hectares.

### Tepic Project – Geology, resource and historical exploration work

Tepic hosts a near-surface, 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. A historical technical report already exists for the project 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.

Further resource potential 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 also 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 – Own Drilling and Upcoming Catalysts

Prior to the recent listing in April 2021, Sierra Madre identified more than 10 kilometers of hydrothermal mineralized structures on the project property, with several identified zones of mineralization extending over one kilometer with widths up to 200 meters. 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 impressive. Among others, 15.2 meters with 2.23g/t gold and 263g/t silver as well as 22.9 meters with 1.47g/t gold and 119g/t silver were encountered. Further, October 2021 intersections included 9.2 meters of 54.2g/t silver and 6.52g/t gold. Thus, the company was able to prove that the already known

mineralization is even larger than previously assumed. In addition, 6 additional potentially high-grade areas have been identified. After completion of the second phase of the drilling campaign, Sierra Madre intends to quickly present a first resource estimate for Tepic. Thereafter, an initial economic feasibility study is to be prepared quickly. The company also intends to quickly acquire additional projects that should lead to a significant increase in the resource base.

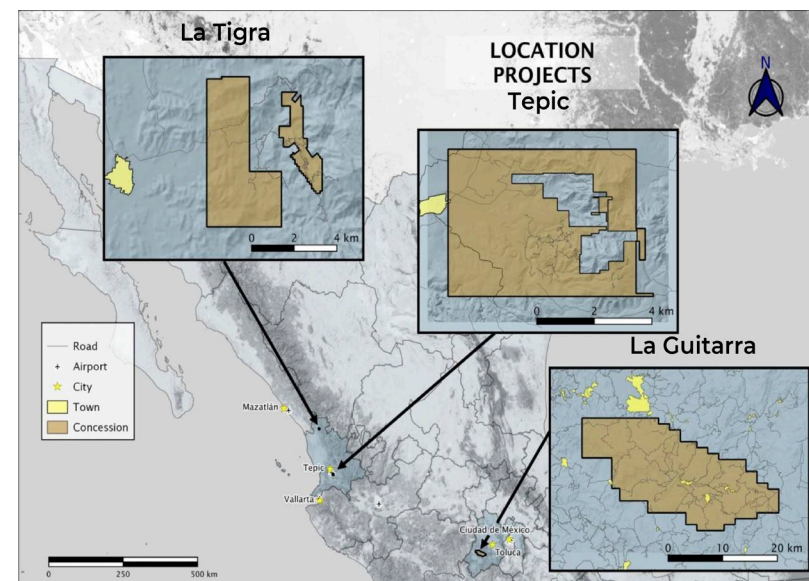
### La Tigra project

La Tigra is located 148 kilometers north of Tepic in the Mexican state of Nayarit. The project consists of seven mining concessions with a total area of 357 hectares, covering most of the historic mines in the Distrito Minero Del Tigre. La Tigra has excellent infrastructure and is accessible by a road that leads to 10 kilometers to the highway. Sierra Madre began an extensive exploration program immediately after the acquisition, which quickly led to initial successes. The first soil sample results were reported as early as October 2021. There were 319 exploration samples taken, with values ranging from <0.005 to 18.2 grams per tonne gold. The average gold grade of all samples received to date was 0.48 g/t gold, with 32 samples greater than 1.0 g/t gold and 10 samples greater than 3.0 g/t gold. Silver values ranged from <0.5 to 65.2 g/t silver and averaged 3.99 g/t silver with 30 samples greater than 10 g/t silver and 4 samples greater than 30 g/t silver. Overall, two structural systems were identified.

Further trenching by the Company included 12.8 metres at 1.57g/t gold equivalent, including 5.3 metres at 3.69g/t gold equivalent. In addition, 12.0 metres at 2.91g/t gold equivalent, including 4.5 metres at 7.05g/t gold equivalent were encountered.

This work was to prioritize drill targets, for which approval has already been received

(Source: Sierra Madre Gold & Silver)

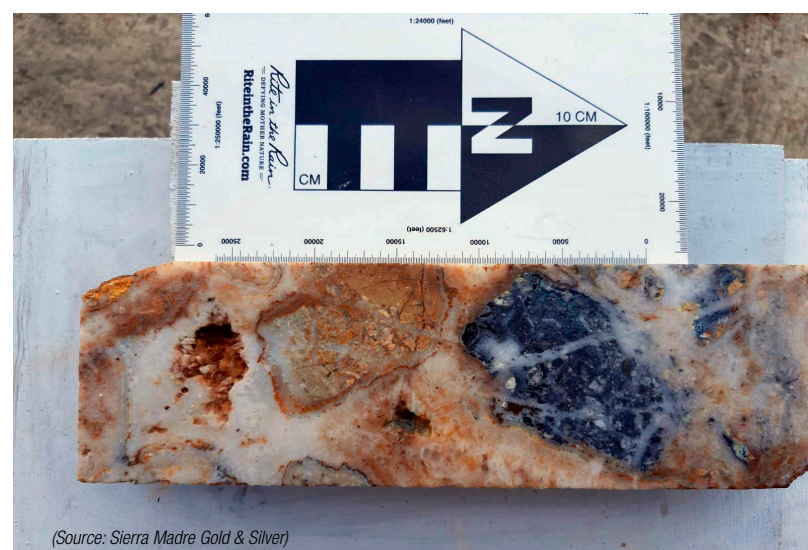


to drill 30 drill pads. Drilling for this began in early March 2022 and quickly yielded initial positive results including 22.9 meters of 1.85g/t gold and 24.2 meters of 1.63g/t gold, including 4.7 meters of 5.64g/t gold. Further, 32 meters of 1.05g/t gold equivalent including 4 meters of 3.04g/t gold equivalent were encountered.

### Top management with many years of experience

The fact that Sierra Madre Gold & Silver has attracted many institutional investors right from the start is probably also related to the high-caliber 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 more than 11 million ounces of gold and 600 million ounces of silver, as well as securing more than \$300 million in equity financing and \$100 million in debt financing.



(Source: Sierra Madre Gold & Silver)

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.

### Summary: Mining acquisition becomes a game changer

Sierra Madre Gold & Silver was a pure early-stage story until a few weeks ago, but it had several prerequisites for a real high-caliber project. For example, the flagship Tepic project already has a very near-surface resource with average grades of about 200g/t silver equivalent, which is extremely high grade for a surface project. Further, the project has excellent potential to increase resource size and grade due to poor drill core recovery by previous owners. The second potentially high-grade project La Tigra has also already generated increased newsflow. And at a breathtaking pace! With the acquisition of the La Guitarra mine including processing plant, which can be operated immediately, the company landed an additional coup, which can quickly provide a positive cash flow. What's more, there are several people in management who already know La Guitarra and believe it has high exploration potential. 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. Most recently, the company raised more than CA\$6 million in financing, which will fund further steps for months to come.

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



Alex Langer, CEO

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

- ▶ **May 2022:** announced plans to acquire the permitted La Guitarra silver-gold mine and mill in Mexico from First Majestic;
  - **September 2022:** Closed the first, \$6.18M, tranche of a C\$10M private placement, offered in conjunction with the proposed La Guitarra transaction;
- ▶ **April 2022:** Started maiden drilling at La Tigra: results to date hit shallow mineralization, within a 3.5-km long corridor of stacked vein and breccia structures.
- ▶ **February 2022:** Started Phase II, 16-hole core drill program at +2,600 ha Tepic project. The drilling tested areas adjacent to and outside of the historic resource estimates. All holes drilled at Tepic to date returned +75 g/t silver intercepts.
  - **April 2022:** Final payment made to acquire 100% of the Tepic project in Nayarit, Mexico.
- ▶ **December 2021:** start of trading on the OTCQB

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

- ▶ Closing La Guitarra mine acquisition – pending regulatory and shareholder approvals – and starting on our three-pronged restart strategy: district-scale exploration, completing a NI 43-101 resource report and advancing the tailings reprocessing opportunity at site
- ▶ Closing of the outstanding portion of the C\$10M private placement of subscription receipts; proceeds are principally intended for the development of La Guitarra
- ▶ Tepic metallurgical work and resource calculation
- ▶ La Tigra district consolidation

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

Positive: Based on the Silver Institute's 2022 World Silver Survey, Bar and Coin demand represents approximately 25% of the 2022 forecast silver use and has grown steadily over the past 5 years. Between 2021 and 2019, silver net physical investment demand increased by almost 100Moz., from 186.8Moz in 2019 to 278.7Moz in 2021. While the institute forecasts fairly flat net physical investment in 2022, it also highlights retail investor interest in silver. We expect silver's wealth preservation aspect to support price appreciation over the long term.

### Sierra Madre Gold & Silver Inc.

Resumption  
of the listing shortly

**ISIN:** CA8263XP1041

**WKN:** A3CM97

**FRA:** 409

**TSX-V:** SM

Fully diluted shares: 65.9 million

**Contact:**

Phone: +1-604-765-1604

investor@sierramadregoldandsilver.com

www.sierramadregoldandsilver.com



Vizsla Silver is a Canadian mining development company specializing in high-grade silver-gold deposits in Mexico. Within a very short time, the company was able to prove a resource of more than 100 million ounces of silver equivalent at its Panuco silver-gold project. The high-caliber management team, which was recently expanded by Martin Dupuis as Chief Operating Officer, has already achieved several exploration successes in the past and has already been able to publish a large number of high-profile results in the course of 2022.

### **Panuco Flagship Project: Location, scope and geology**

Consolidated since 2019, the Panuco silver-gold project is located in southern Sinaloa, Mexico, near the city of Mazatlán, and extends approximately 14 kilometers on the same geological trend as First Majestic Silver's San Dimas Mine, approximately 80 kilometers away. The 6,800 hectare past producing area benefits from over 75 kilometers of vein extension, a 500 tonne per day mill, 35 kilometers of underground adits and shafts, tailings facilities, direct access to a major highway, power and exploration permits. The area contains epithermal silver and gold deposits of medium to low sulfidation associated with silicic volcanism and crustal extension in the Oligocene and Miocene. The source rocks are mainly continental volcanic rocks correlative to the Tarahumara Formation. The property contains numerous quartz-carbonate veins that form both steeply dipping and sub-horizontal veins. Mineralization consists of silver sulfides including argentite and acanthite, electrum and silver associated with pyrite, minor galena, sphalerite and rare chalcopyrite. Alteration is not well explored, although large zones of strong pyrite alteration extend over a kilometer from the main veins.

In terms of size and geology, Panuco is comparable to First Majestic's San Dimas mine, but it hosts only about 20 veins, several

of which have high silver and gold grades. Due to the fact that Panuco is district-sized but has been highly fragmented in the past, little modern exploration, let alone drilling, took place prior to consolidation by Vizsla Silver. The first silver production in the area occurred in the 1500s, and production has been intermittent since then, with consistent production in recent decades.

### **Panuco Flagship Project: Early exploration work and first successes**

Vizsla Silver started 2019 with an initial exploration program consisting of target identification, detailed mapping and initial drilling. The drilling program began in December 2019 and concluded in late 2020 with 29,500 meters of core drilling. In 2021, Vizsla Silver significantly increased the scope of drilling to approximately 90,000 meters. This quickly led to the discovery of the high-grade Napoleon and Tajitos ore bodies.

### **Panuco Flagship Project: Resource estimate**

In March 2022, Vizsla Silver published its first resource estimate, which was a sensation. The company managed to report a resource of more than 100 million ounces of silver equivalent at the first go. Specifically, Panuco has a total of 5 million tonnes of rock averaging 191g/t silver, 2.08g/t gold, 0.26% lead and 0.5% zinc, or the equivalent of 30.5 million ounces of silver, 331,000 ounces of gold, 13,000 tonnes of lead and 24,600 tonnes of zinc, for a total of over 61.1 million ounces of silver equivalent (383g/t) in the indicated category. Further, Panuco has a total of 4.1 million tonnes of rock averaging 187g/t silver, 1.79g/t gold, 0.13% lead and 0.3% zinc, or the equivalent of 24.7 million ounces of silver, 236,000 ounces of



*At the Panuco project a resource of more than 100 million ounces of silver equivalent could be reported. (Source Vizsla Silver)*

gold, 5,300 tonnes of lead and 12,400 tonnes of zinc, for a total of over 45.5 million ounces of silver equivalent (345g/t) in the inferred category. Combined, this amounts to 106.6 million silver equivalent ounces. Exploration costs to date have been only US\$0.23 per silver equivalent ounce.

### **Panuco Flagship Project: Napoleon**

Approximately 53 million ounces of silver equivalent can be attributed to the Napoleon area alone, which in addition to the main vein in the immediate vicinity, the so-called Napoleon Vein Corridor, has a whole series of other veins. Just recently, for example, Vizsla Silver was able to discover the Cruz Negra Vein, which, among other things, produced 3,098g/t silver equivalent over 0.9 meters. In general, it appears that Napoleon has higher grades and thicknesses towards the south. Higher gold grades are also expected there. Towards the north, it appears that base metal grades could increase. Overall, Napoleon has been traced to date for approximately 2.5 kilometers in length and 500 meters to depth, with the main resource still open to depth. Further drilling successes were celebrated during 2022. These include the discovery of high-grade mineralization at the southern end of Napoleon, which returned 2,098g/t silver equivalent over 4.30 metres and

1,241g/t silver equivalent over 3.90 metres, among others.

### **Panuco Flagship Project: Tajitos-Copala**

About 52 million ounces of silver equivalent are accounted for by the second larger sub-area Tajitos, which, like Napoleon, is constantly being expanded by additional discoveries. Vizsla Silver recently discovered a new vein called Copala north of Tajitos. There, among other things, 81.91 meters with an average of 226g/t silver equivalent including 2.31 meters with 3,701g/t silver equivalent were discovered. Copala is a shallow vein (dipping ~35° to the east) located in the Tajitos hanging wall. Tajitos itself remains open to depth and may offer further resource potential there. This was demonstrated during 2022 when 3,513g/t of silver equivalent was proven, among others. Copala returned 2,093g/t silver equivalent over 10.20 meters, including 36,195g/t silver equivalent over 0.38 meters, as well as 1,030g/t silver equivalent over 20.45 meters and 1,011g/t silver equivalent over 12.52 meters, among others, and could be extended to 1,000 by 400 meters during the year. Another highlight was the discovery of the Cristiano Vein, which yielded 2,913g/t silver equivalent over 1.46 meters. This new discovery will be given high priority for the remainder of the year.

### Panuco Flagship Project: Further Resource Potential + Further Resource Estimate

It is interesting to note that Napoleon and Tajitos are both located in the western part of Panuco, while the central and eastern sections are known to contain veins but have not been drilled to any great extent. This means that Napoleon and Tajitos represent only a small portion of the Panuco project. Accordingly, less than 30% of the known targets on Panuco have been drilled to date.

Initial indications of where the journey can still go were already provided by the 2021 exploration campaign, which, among other things, encountered 3,707g/t silver equivalent over 3.5 meters, 2,758g/t silver equivalent over 4.5 meters and 3,701g/t silver equivalent over 2.3 meters. The central area of Panuco hosts, among others, the two known vein systems Cordon del Oro with the San Antonio Vein (including 992g/t silver equivalent over 6.40 meters) and Animas. The current drill program covers 120,000 meters and is expected to result in a new resource estimate.

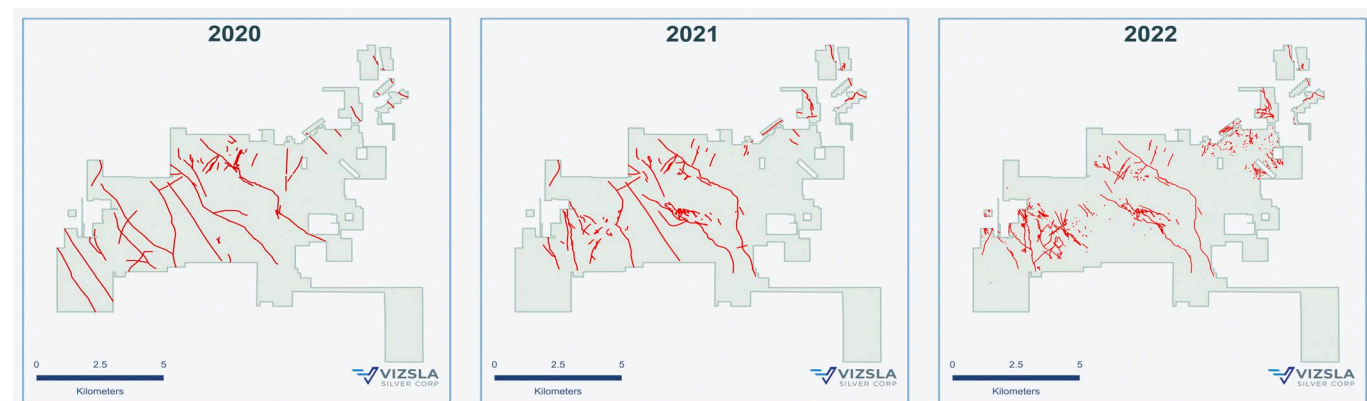
In parallel to the current 120,000-meter drill program, Vizsla Silver is working on several fronts to rapidly advance Panuco. At the top of the agenda is the conversion or expansion of resources through drilling at Napoleon and Tajitos. Ongoing exploration drilling on high-priority targets is expected to generate additional resources and stimulate new discoveries. In addition, metallur-

gical testing is being conducted on the Tajitos mineralization. Furthermore, initial geotechnical and hydrogeological studies as well as property-wide electromagnetic and airborne magnetic surveys are being implemented.

### Summary: Top drill results for next resource estimate

Vizsla Silver has already generated a resource of more than 100 million ounces of silver equivalent in the past three years. But the team around CEO Michael Konnert and Chairman Craig Parry is not satisfied with that. In the current year 2022, they will drill 120,000 meters with 13 drill rigs in order to be able to publish an updated Panuco resource. Panuco remains severely underexplored, with only about 30 targets drilled out of about 120 identified. Electromagnetic surveys conducted to date have correlated with mineralization now known, indicating significant upside potential. Steady new discoveries only hint at the full extent of Panuco. Vizsla Silver also has control of all existing and permitted operating infrastructure at Panuco, including a 500tpd processing plant, providing near-term production potential. With more than CA\$17 million in cash, the Company is adequately funded. As a result, increased positive newsflow - including with respect to a further resource estimate - can be expected in the coming months.

Exploration progress of the last two years.  
(Source: Vizsla Silver)



## Exclusive interview with Michael Konnert, CEO of Vizsla Silver

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

Vizsla Silver has been advancing its flagship 100% owned Panuco Silver-Gold project with Mexico's most aggressive exploration drill program. Over the past 12 months +120,000 m of drilling has been completed leading to the discovery of multiple high-grade veins.

In March 2022, Vizsla released the maiden resource estimate centred on the western portion of the Panuco Project, this included an in-situ indicated resource of 61.1Moz AgEq and inferred resource of 45.6Moz. Vizsla has also completed initial metallurgical testing at Napoleon which returned high precious metal recoveries.

The recent discovery of the Copala zone has been a game changer for Vizsla Silver, with 8 holes in the March 2022 MRE underway representing 25% of the project resource. Mineralization at Copala has now been traced over 1,000m of strike, 400m down dip, grading 496 g/t AgEq over an average width of 9.96mTW and open in all directions based on 81 holes.

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

Vizsla will provide an update to the project resource in Q4 2022 based on the drilling performed in 2022.

The resource areas currently represent only a small portion of the district with only 30% of the known targets at Panuco being drilled by Vizsla. Ongoing drilling at the underexplored Panuco district and making large scale discoveries like we have at Copala is a leading catalyst for investors as we continue to add value through the drill bit. Additionally, only 45% of the district has been mapped. Vizsla currently has 6 full time geologists systematically mapping the district which has already led to the identification of a number of drill targets and continues to highlight growth and understanding of the districts vein system. Preliminary metallurgical testing on the mineralization at Tajitos is currently underway. Following these results Vizsla will also per-

form metallurgical testing at Copala. Also, Vizsla Silver is advancing initial geotechnical and hydrogeological studies and performing baseline environmental work in tandem with the drill program.

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

With increased inflationary pressures and the current macroeconomic environment silver provides a great store of value. However, what makes silver unique is that it also has numerous industrial uses.

As we make progress in the electrification of the world, we are not only going to see an increase in demand for the physical silver bar and coins but also an increased demand from the green energy sector. With only modest growth in production coupled with a record projected demand in 2022 the need for silver has never been greater.

The Vizsla Silver Panuco Silver-Gold project aims to become one of the worlds largest silver producers to assist in filling this shortfall.



Michael Konnert, CEO

### Vizsla Silver Corp.

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**WKN:** A3C9S4  
**FRA:** 0G3  
**TSX-V:** VZLA

Fully diluted shares: 202 million

**Contact:**  
 Phone: +1-604-364-2215  
 info@vizslasilver.ca  
 www.vizslasilvercorp.ca



