

Ticker: SLVR CN
Market cap: C\$145m

SCPe cash: C\$25m
Price: C\$0.56/sh

Project: El Tigre
Country: Mexico, Sonora

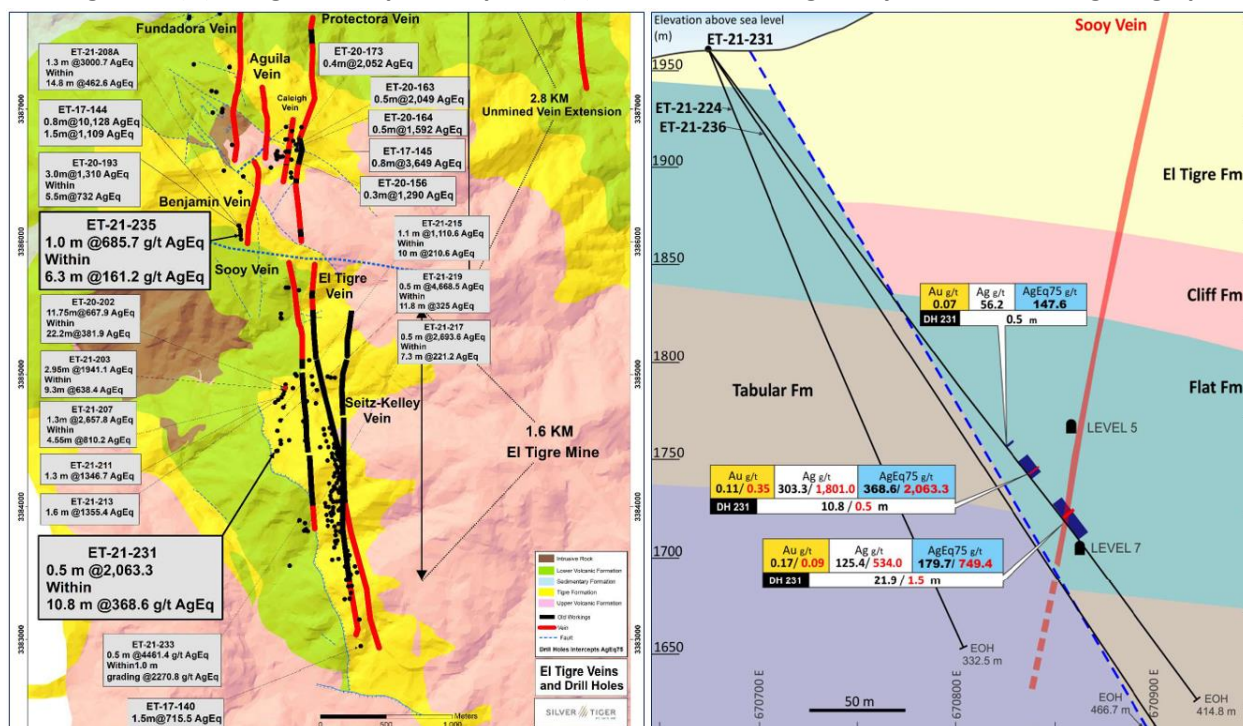
RECOMMEND. (unc): BUY

TARGET (unc): C\$1.20/sh

RISK RATING: VENTURE

The Sooy Vein is quite remarkable, providing a quadruple play of (i) blind bonanza-grade discoveries adjacent to old workings including today's headline 0.5m @ 2.1kg/t AgEq, (ii) remnant high-grade around old workings with 1.5m @ 749g/t AgEq, (iii) wide haloes including 11m @ 369g/t AgEq around both of these, and (iv) yet-to-be drilled deeper unmined extensions. This hit is ~475m south of discover hole 202 (22m @ 382g/t AgEq). Stepping back, the company has now defined 'ore zones' at Sooy-El Tigre North / Sooy South / Seitz-Kelley over 1.6km strike, with a single wildcat hit another ~500m south of that. Going north the Benjamin Vein appears to be a fault offset of the Sooy. Even this doesn't capture regional upside, with rigs to tackle down-dip of old mine at Seitz-Kelley + Tigre, Aguila - Protectora heading 2.8km north of Benjamin, Pilares (far north), Lluvia de Oro (far south), La Chula (exposed base-metal roots to north) and other regional targets. With discoveries now banked in the core, this should allow a triple-play of (i) move to resource drilling on Sooy / Benjamin for a maiden MRE in SCPe 1H21; (ii) continue extensional and discovery drilling, then (iii) full economics mode in CY22. In a region where a 1Moz AuEq HG silver vein commands billion, or even multi-billion, valuation, there is a lot to like at the current valuation. **We maintain our BUY rating and C\$1.20/t PT based on US\$1.50/oz AgEq on the existing resource, and same again for a nominal 85Moz.**

Figure 1. (A) El Tigre veins plan map and (B) x-section showing today's 0.5m @ 2,063g/t AgEq



Source: Silver Tiger

Sooy Vein hits blind 11m @ 369g/t AgEq and second 22m @ 180g/t AgEq with bonanza cores

Three holes released by Silver Tiger targeted the Sooy vein with 0.5m @ 2,063g/t AgEq from 270m (within 10.8m @ 368g/t AgEq). Mineralisation is dominated by silver with splits 82-7-6-4-1 Ag-Zn-Pb-Cu-Au. The main intersection lies in the hangingwall away from historic workings, forming in a 'crackle breccia', with a second intersection around the historic workings of 1.5m @ 749g/t AgEq within 21.9m @ 180g/t AgEq. Two holes further north on the Benjamin Vein returned highlights of 1m @ 686g/t AgEq from 140m.

Why we like Silver Tiger

- Regionally exceptionally strong mineralisation system with historic ~100Moz @ ~2.5kg/t AgEq
- Existing pittable 80Moz bulk-mineralisation provides 'base load' scale
- Northern extensions never systematically explored, highlights of 0.8m @ 8,326g/t AgEq
- Old mine only mined to 250-450m, with deeper formations mineralised elsewhere
- Team adept at discovering and digitising old mine records to speed drill targeting

Catalysts

- 2H21: Drilling from northern veins: Benjamin / Cayleigh
- 2H21: Drilling from old-mine surround for HG vein strike- and depth extensions
- 1H22: SCPe maiden MRE
- 2022-2023: SCPe maiden PEA

Research

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Ticker: SLVR CN	Price / mkt cap: C\$0.52/sh, C\$135m	Project PNAV today: 0.43x				Asset: El Tigre				
Author: B Salier / B Gaspar	Rec / xNAV PT: BUY, C\$1.2/sh	1xNAV_{1Q21} FF FD: C\$1.22/sh				Country: Sonora, Mexico				
SOTP <i>project valuation</i> *					Commodity price	CY21E	CY22E	CY23E	CY24E	CY25E
	C\$m	O/ship	NAVx	C\$/sh	Silver price (US\$/oz)	24.00	24.00	24.00	24.00	24.00
Existing resource @ US\$1.50/oz AgEq	162	100%	1.00x	0.54	Gold price (US\$/oz)	1,850	1,850	1,850	1,850	1,850
SCPe pro forma cash	30.8	100%	1.00x	0.10	Resource	Au	Ag	AgEq	AgEq	Ag (%)
Cash from options	13.6	100%	1.00x	0.04	Indicated	0.51g/t	21g/t	60g/t	52Moz	65%
Exploration nominal 85Moz @ US\$1.50/oz	162	100%	1.00x	0.54	Inferred	0.52g/t	88g/t	128g/t	33Moz	31%
Asset NAV185000% US\$24/oz	368		PT: 1.22		TOTAL	0.51g/t	36g/t	76g/t	85Moz	52%
			Market P/NAV	0.43x	Capital structure		Basic	FD		
					Shares (m)	259.3	301.6			

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HOLD:	0
SELL:	0
UNDER REVIEW:	0
TENDER:	0
NOT RATED:	0
TOTAL	44

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