

Ticker: SLVR CN
Market cap: C\$146m

Cash (2Q21): C\$23m
Price: C\$0.56/sh

Project: El Tigre
Country: Mexico, Sonora

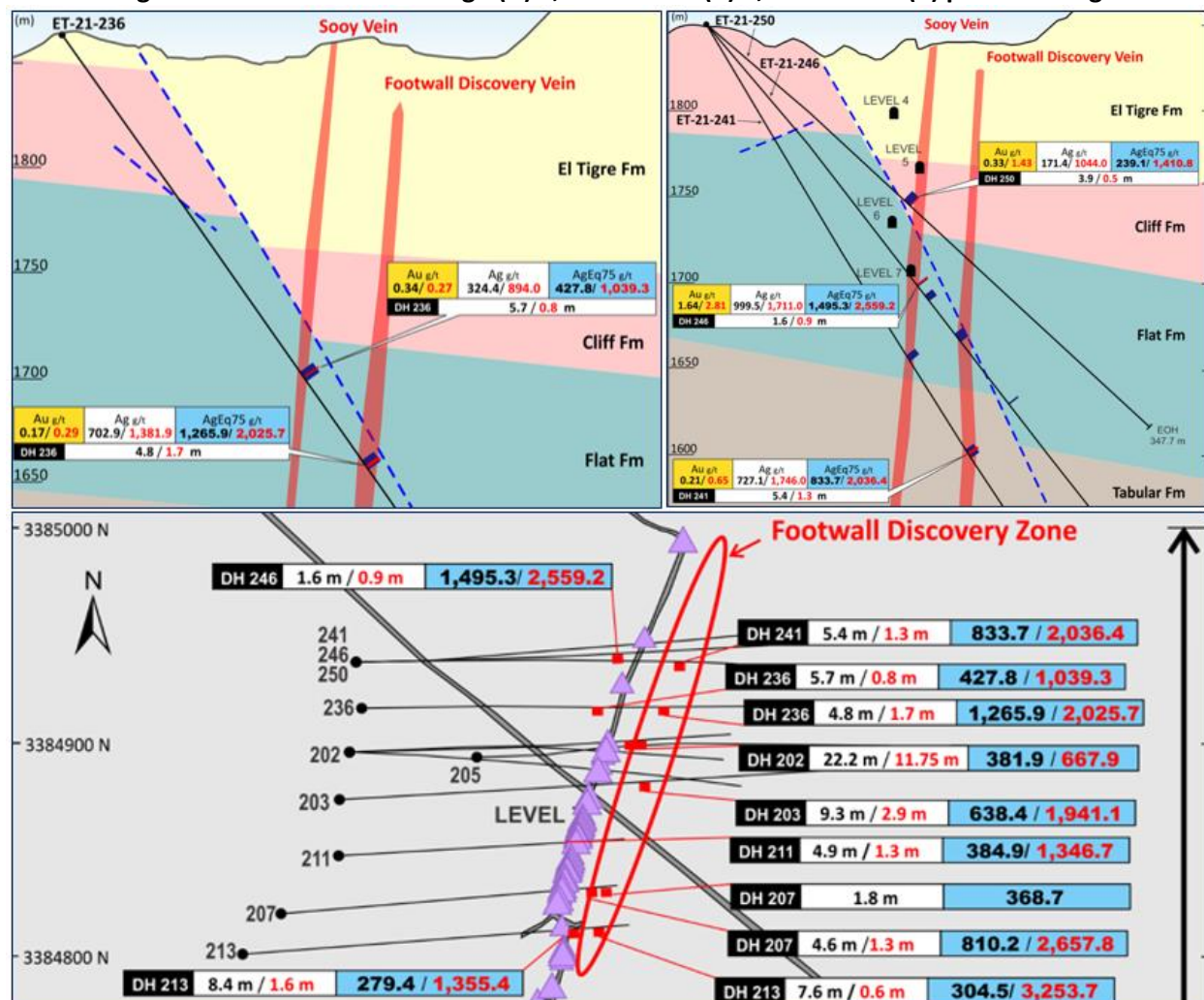
RECOMMEND. (unc): BUY

TARGET (unc): C\$1.20/sh

RISK RATING: VENTURE

Strike and depth – the two key take homes. Low-sulfidation systems have a key advantage over high-sulfidation, being vertical extent of >1km at times. The old mine here is only 250-500m deep – today's drilling shows firstly that roots are there with 1.2m @ 2,036g/t some 250m below surface and ~100m below old workings. Geologically it looks to us like the main fluid pathway has 'hopped' from Sooy vein over to the Footwall Vein, explaining why these roots were missed historically. That said, on other sections both veins pay at similar levels, introducing the potential for a stacked system. On strike, we now have a very consistent 'sheet' (much better than shoots) over ~200m on the footwall vein; with the Sooy vein extending over 600m there is lots of room to grow. With ore-grade hits from Sooy-El Tigre North / Sooy South / Seitz-Kelley extending 1.6km strike, and a single wildcat hit another ~500m south of that, plus Benjamin Vein an apparent fault offset of the Sooy north, we think Silver Tiger is firmly in discovery mode still. This before regional upside at Aguila - Protectora ~2.8km north of Benjamin, Pilares (far north), Lluvia de Oro (far south), and La Chula (exposed base-metal roots to north). As such, **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. Key price drivers remain (i) resource drilling at Sooy / Benjamin for (ii) a maiden MRE in SCPe 1H22 ahead of (iii) continue extensional and discovery drilling, and (iv) a potential SCPe CY22 PEA.

Figure 1. Cross sections through (A) 4,925mN and (B) 4,950mN and (C) plan showing



Source: Silver Tiger

Sooy and sister Discovery Footwall deliver with 1.7m @ 2,025g/t AgEq (within 7.2m @ 870g/t)

Five holes released by Silver Tiger targeted the Sooy vein with the headline hole hitting an upper **0.8m @ 1,039g/t AgEq (within 5.7m @ 428g/t AgEq)** in the Sooy vein, followed by a deeper hit in the recently discovered Hangingwall Discovery Vein of **1.7m @ 2,026g/t AgEq (within 4.8m @ 1,265g/t AgEq)**. This intersection lies 25m north of prior hit of 12m @ 668g/t (within 22m @ 382g/t). A second fence released today lies a further 25m north, where three holes hit the Sooy Vein in stoped out areas (0.5m @ 1411g/t AuEq and a lower 0.9m @ 2,559g/t AgEq), while the deepest hole hit 1.3m @ 2036g/t AgEq (within 5.4m @ 834g/t AgEq). The 50m northern step outs now extend the strike of the Footwall Discovery Vein to ~200m.

Why we like Silver Tiger

- Regionally exceptionally strong mineralisation system with historic ~100Moz @ ~2.5kg/t AgEq
- Existing pitable 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

Brock Salier (London) M: +44 7400 666 913 bsalier@sprott.com

Justin Chan (London) M: +44 7554 784 688 jchan@sprott.com

Brandon Gaspar (Toronto) M: +1 437 533 3142 bgaspar@sprott.com

Eleanor Magdzinski (Toronto) M: +1 705 669 7456 emagdzinski@sprott.com

Ticker: SLVR CN	Price / mkt cap:	C\$0.56/sh, C\$146m			Project PNAV today	0.47x		Asset:	El Tigre		
Author: B Salier / B Gaspar	Rec / xNAV PT:	BUY, C\$1.2/sh			1xNAV _{1Q21} FF FD:	C\$1.19/sh		Country	Sonora, Mexico		
SOTP <i>project</i> valuation*					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	
Cash (2Q21)	23.5	100%	1.00x	0.08	Resource	Au	Ag	AgEq	AgEq	Ag (%)	
Cash from options	13.5	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	0.53	Inferred	0.52g/t	88g/t	128g/t	33Moz	31%	
Asset NAV185000% US\$24/oz	361		PT:	1.19	TOTAL	0.51g/t	36g/t	76g/t	85Moz	52%	
			Market P/NAV	0.47x	Capital structure	Basic	FD				
					Shares (m)	261.4	302.6				

Source: SCP estimates, company data

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BUY:	46
HOLD:	0
SELL:	0
UNDER REVIEW:	0
TENDER:	0
NOT RATED:	0
TOTAL	46

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