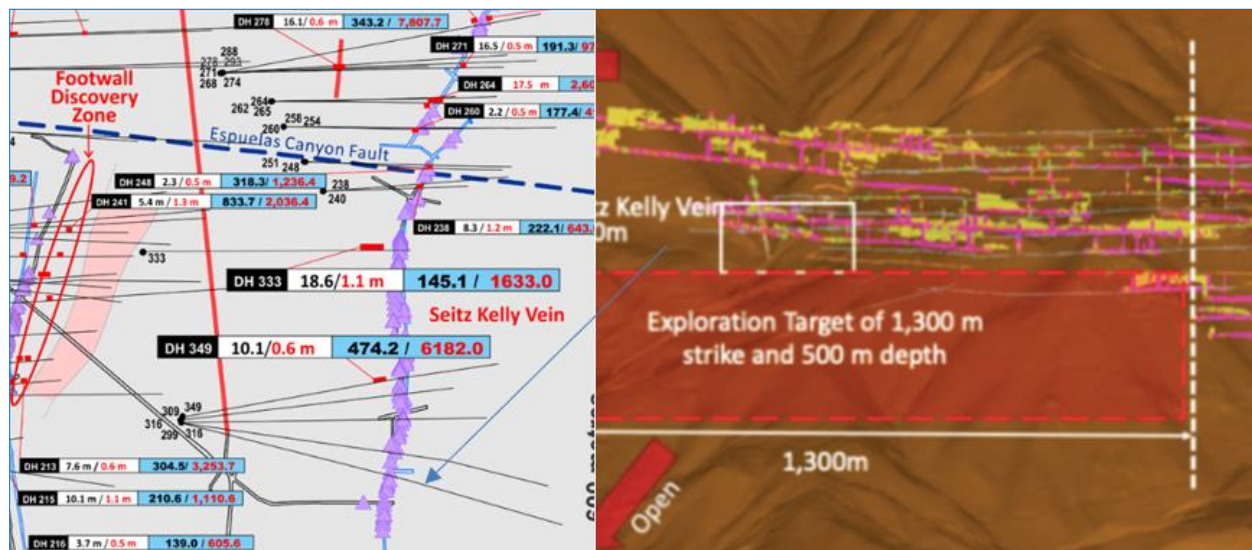


Ticker: SLVR CN **Cash:** C\$22.8m **Project:** El Tigre
Market cap: C\$98m **Price:** C\$0.32/sh **Country:** Mexico, Sonora
REC. (unc): BUY **TARGET (unc):** C\$1.10/sh **RISK RATING (unc):** VENTURE

Today's drilling at the Seitz Kelly vein is relevant as it lies just north of the old El Tigre mine, where Silver Tiger is currently progressing its UG rehabilitation. Although the size potential is substantial with Seitz Kelly extending some 2km north to Benjamin (6.9m @ 524g/t AgEq in Nov), the more immediate upside comes from the proximity of Seitz Kelly to the rehabilitation area at El Tigre. Eight holes today averaged 4.8m @ 194 g/t AgEq, but the upside comes from the 'lateral pipe' where bonanza grades occur at the intersection of the sub-vertical structures and sub-horizontal shale horizon. Put simply, the potential is a drift along this, in addition to the main focus of the El Tigre deep target being approached by the rehabilitation works, exemplified by 1.1m @ 1,633 g/t, 1.2m @ 3,777g/t and 0.6m @ 2,658g/t. Hence, with decline advancing and bonanza drill results like these, we see potential for small-production scenarios even in weak markets, whilst ounce-addition drilling remains the focus for now. As such, **we maintain our BUY rating and C\$1.10/sh PT**, which is 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 / El Tigre / Seitz Kelly for (ii) a maiden MRE in 2023 ahead of (iii) continued extensional and discovery drilling, and (iv) a potential PEA. However, market dependent, the existing stopes and bonanza grades could also provide a foundation for early-production.

Figure 1. El Tigre project (A) plan map showing today's drilling (B) unmined Northern El Tigre



Source: Silver Tiger

Seitz Kelly Vein drilling hits 10.1m @ 474g/t AgEq; rehab continues; drilling ongoing

Results from eight holes at the El Tigre mine saw highlight intercepts of 10.1m @ 474g/t AgEq including **1.2m @ 3,767g/t (96% Ag, 2% Au with minor base metal credits)**, **18.6m @ 145g/t**, **1.1m @ 1,633g/t** and 4.3m @ 386g/t (incl. **0.6m @ 2,658g/t**) all from 228m-249m down the hole and within the shale horizon at the Seitz Kelly vein. This vein lies immediately north of the old workings at El Tigre (Figure 1A). Rehabilitation and development work at El Tigre has also recommenced after the holiday season in parallel with the ongoing exploration drilling program focused on the high-grade sulphide zone towards the north end of the historic mine (Figure 1B).

Why we like Silver Tiger

- Regionally 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 mineralized elsewhere

- Team adept at discovering and digitizing old mine records to speed drill targeting

Catalysts

- 1H23: Underground drilling targeting unmined high-grade veins
- 1H23: SCPe maiden MRE
- 2023: SCPe maiden PEA

Research

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Ticker: SLVR CN	Price / mkt cap: C\$0.32/sh, C\$98m	Project PNAV today: 0.28x	Asset: El Tigre							
Author: B Salier / E Magdzinski	Rec / xNAV PT: BUY, C\$1.1/sh	1xNAV_{1Q22} FF FD: C\$1.13/sh	Country: Sonora, Mexico							
SOTP project valuation*					Commodity price					
	C\$m	O/ship	NAVx	C\$/sh		CY21E	CY22E	CY23E	CY24E	CY25E
Existing resource @ US\$1.50/oz AgEq	180	100%	1.00x	0.52	Silver price (US\$/oz)	20.00	20.00	20.00	20.00	20.00
Cash @ 3Q22	22.8	100%	1.00x	0.07	Gold price (US\$/oz)	1,700	1,700	1,700	1,700	1,700
Cash from options	16.0	100%	1.00x	0.05	Resource					
Exploration nominal 85Moz @ US\$1.50/oz	170	100%	1.00x	0.49	Indicated	Au	Ag	AgEq	AgEq	Ag (%)
Asset NAV US\$1700/oz Au US\$20/oz Ag	389			PT: 1.13	Inferred	0.51g/t	21g/t	64g/t	56Moz	67%
			Market P/NAV	0.28x	TOTAL	0.52g/t	88g/t	132g/t	34Moz	33%
					Capital structure					
					Basic	FD				
					Shares (m)	306.3	345.3			

Source: SCP estimates, company data

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SELL: The stocks total returns are expected to be materially lower than the overall market

TENDER: The analyst recommends tendering shares to a formal tender offering

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NOT RATED ((N/R): The stock is not currently rated

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Summary of Recommendations as of January 2023	
BUY:	52
HOLD:	1
SELL:	0
UNDER REVIEW:	1
TENDER:	0
NOT RATED:	0
TOTAL	54

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