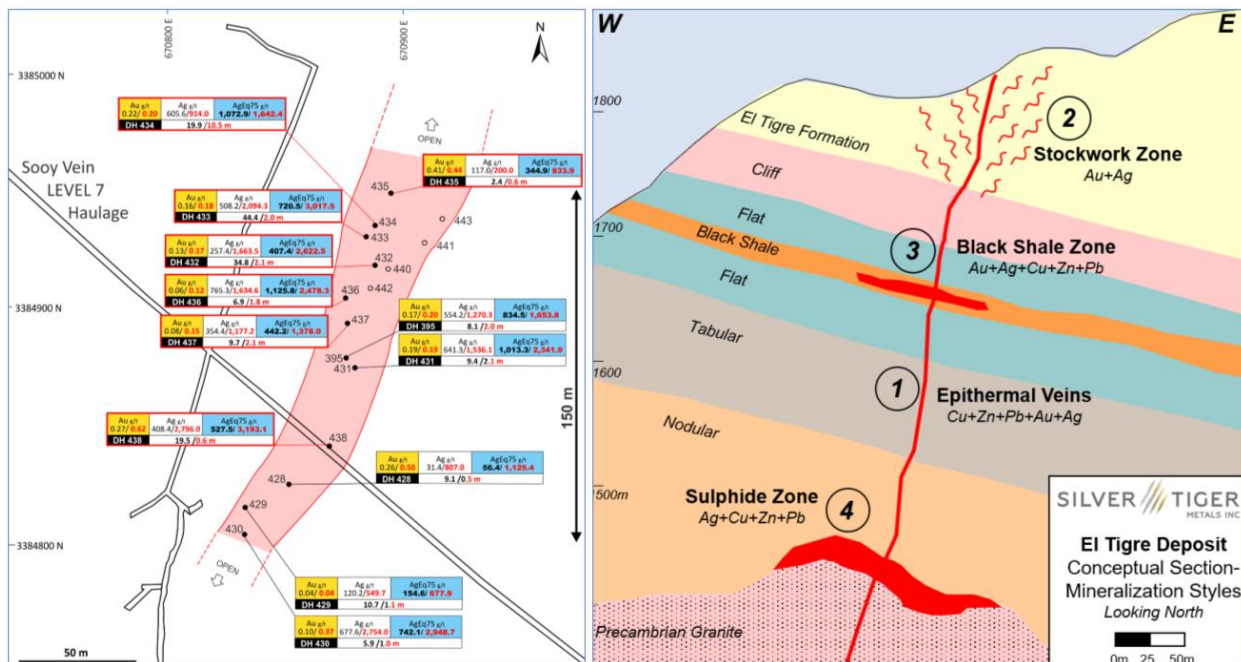


**Ticker:** SLVR CN      **Cash:** C\$22.8m      **Project:** El Tigre  
**Market cap:** C\$124m      **Price:** C\$0.405/sh      **Country:** Mexico, Sonora  
**REC. (unc):** BUY      **TARGET (unc):** C\$1.10/sh      **RISK RATING (unc):** VENTURE

To recap, we liked the ability for Silver Tiger to mine along strike from the old El Tigre mine at developed / unmined Sooy. At the same time, we liked the ability to drift along the now well-drilled bonanza grade 'Black Shale' horizon. Today took us by complete surprise with second bonanza zone emerging, with double win of being essentially underneath the decline being driven in right now. In fact, unlike the typically narrower (but super high grade) Black Shale Horizon, broader hits on the new Sulphide Zone like 19.6m @ 624g/t AgEq (or 4.6m @ 1,551g/t AgEq based on narrower higher-grade intercepts) relative to shallower HW Gold Zone (21.3m @ 48.5g/t AgEq) and Sooy Vein (9.4m @ 355g/t AgEq) talk to not just grade, but big tonnage potential too. The new sulphide zone has been traced across ~150m now, with UG drilling to continue delineating mineralization north and south along strike. The new discoveries, and good progress on decline advancement are the foundations for production and are all being laid out nicely. For now, **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.

**Figure 1. (A) plan map of the new 'Sulphide Zone' and (B) four types of mineralization at El Tigre**



Source: Silver Tiger

## Second new bonanza zone emerges with 6m @ 2.0kg/t AgEq, right under decline progression

**Sulphide zones:** Results from seven holes at El Tigre hit a new 'Sulphide Zone' with highlight intercepts of **6.0m @ 2,025g/t AgEq** (within **44.4m @ 720g/t**), **19.9m @ 1,073g/t** and **34.8m @ 407g/t** (incl. **8.2m @ 1446g/t**), all from 330m-395m down the hole. The new zone does not lie in the upper El Tigre formation (old mine), intermediate Flat formation (with attendant 'Black Shale' bonanza zone), but at the bottom of the sequence adjacent to the basement. **Sooy Vein** drilling hit **10.4m @ 690g/t AgEq**, **11m @ 382g/t**, **13m @ 354g/t** and **6.1m @ 580g/t**, all from 185m-210m down the hole. **UG rehabilitation** remains on track with >450m completed in level 7 which was the main portal of the mine. This enables the company to reach the Sooy Vein shortly, with plans to begin underground drilling, including on the new 'Sulphide Zone'.

## 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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|  |  |   |                                |
|--|--|---|--------------------------------|
| <b>Ticker:</b> SLVR CN                 | <b>Price / mkt cap:</b> C\$0.405/sh, C\$124m | <b>Project PNAV today:</b> 0.36x              | <b>Asset:</b> El Tigre         |
| <b>Author:</b> B Salier / E Magdzinski | <b>Rec / xNAV PT:</b> BUY, C\$1.1/sh         | <b>1xNAV<sub>1Q22</sub> FF FD:</b> C\$1.13/sh | <b>Country:</b> Sonora, Mexico |

| SOTP project valuation*                 |      |        |              |          | Commodity price          | CY21E   | CY22E | CY23E  | CY24E | CY25E  |
|---|------|--------|--------------|----------|--------------------------|---------|-------|--------|-------|--------|
|   | C\$m | O/ship | NAVx         | C\$/sh   |                          |         |       |        |       |        |
| 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     | <b>Resource</b>          | Au      | Ag    | AgEq   | AgEq  | Ag (%) |
| Exploration nominal 85Moz @ US\$1.50/oz | 170  | 100%   | 1.00x        | 0.49     | Indicated                | 0.51g/t | 21g/t | 64g/t  | 56Moz | 67%    |
| Asset NAV US\$1700/oz Au US\$20/oz Ag   | 389  |        |              | PT: 1.13 | Inferred                 | 0.52g/t | 88g/t | 132g/t | 34Moz | 33%    |
|   |      |        | Market P/NAV | 0.36x    | <b>TOTAL</b>             | 0.51g/t | 36g/t | 80g/t  | 90Moz | 55%    |
|   |      |        |              |          | <b>Capital structure</b> | Basic   | FD    |        |       |        |
|   |      |        |              |          | Shares (m)               | 306.3   | 345.3 |        |       |        |

Source: SCP estimates, company data

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|---|----|
| BUY:  | 53 |
| HOLD:   | 1  |
| SELL:   | 0  |
| UNDER REVIEW:                                 | 1  |
| TENDER:                                       | 0  |
| NOT RATED:                                    | 0  |
| TOTAL   | 55 |

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