

**Ticker:** AGMR CN  
**Market cap:** C\$68m

**3Q22 Cash:** C\$17m  
**Price:** C\$0.365/sh

**Project:** Reliquias / Dorita  
**Country:** Peru

REC. (unc): BUY

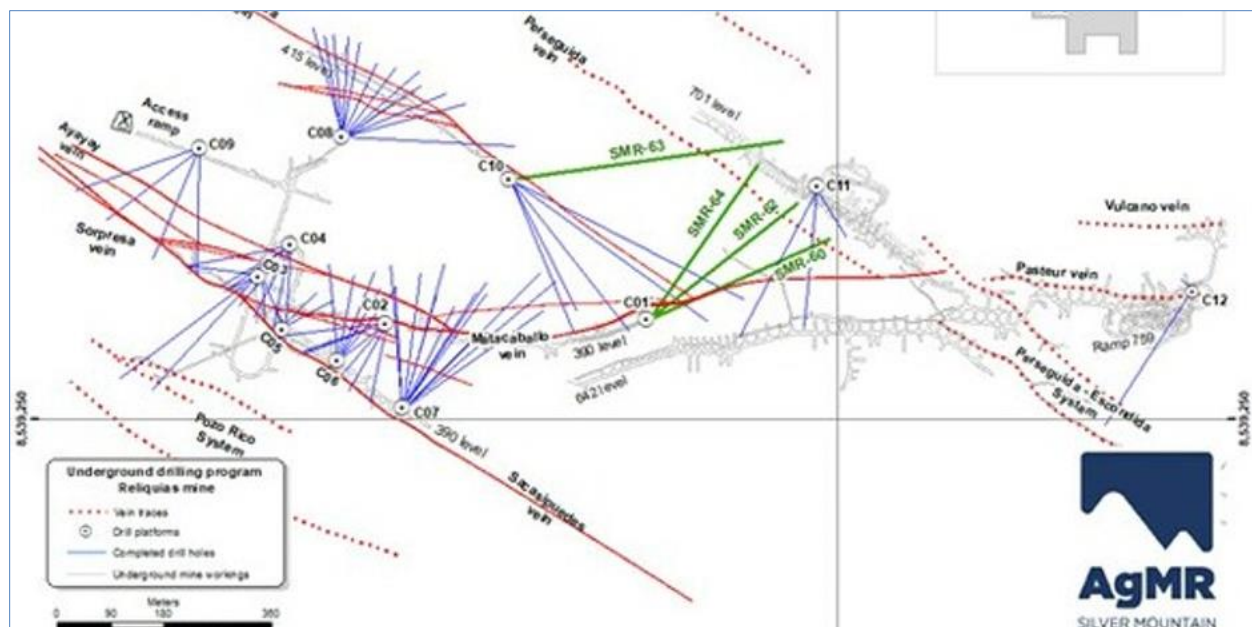
TARGET (unc): C\$0.90/sh

RISK RATING (unc): VENTURE

Today's drilling comes for the first four holes testing extensions of the Perseguida Vein - a subparallel vein to the main zone which hasn't seen much mining historically. The average of four pierce points is **0.8m @ 409g/t AgEq** (100% hit rate), and whilst vein widths range from 0.3-1.2m the continuity is quite good, extending the structuring 100s of metres beyond mine workings for useful ounce additions outside the main focus areas. The splays / new veins are simply bonus to any future mine plan scenario in our view.

Also noteworthy are last week's channel sample results from the Matacaballo vein, which averaged 1.4m @ 267g/t AgEq over 175m strike on sub-level 735-2. Recall, the sampling program ~20-25m below on the 735-1 sublevel averaged 1.6m @ 782g/t AgEq over a 112m strike. By our math, a simple projection +20m above/below implies 'several hundred thousand' ounces of potential inventory that not only appears easily accessible (with development in place and proximal to the main 390m haulage level), but notably from just one of several areas being delineated as part of the initial ~17,000m drill + sampling program. All key details that should come quickly on the back of the update MRE and engineering studies this year. For now, **we maintain our BUY rating and C\$0.90/sh PT** based on conservative US\$2.00/oz AgEq at Reliquias and nominal US\$0.50/oz AgEq at Caudalosa based on combined historical 81Moz @ 838g/t AgEq resource. Attractive in the short term is the re-rate potential on low cost restart (SCPe US\$20-30m) for potential 2-3Moz AgEq pa from initial 1,000tpd, as early as YE23, with growth opportunities thereafter on 'hub and spoke' district never before consolidated.

**Figure 1. Plan map of UG drilling at the Reliquias showing today's drilling in green**



Source: Silver Mountain

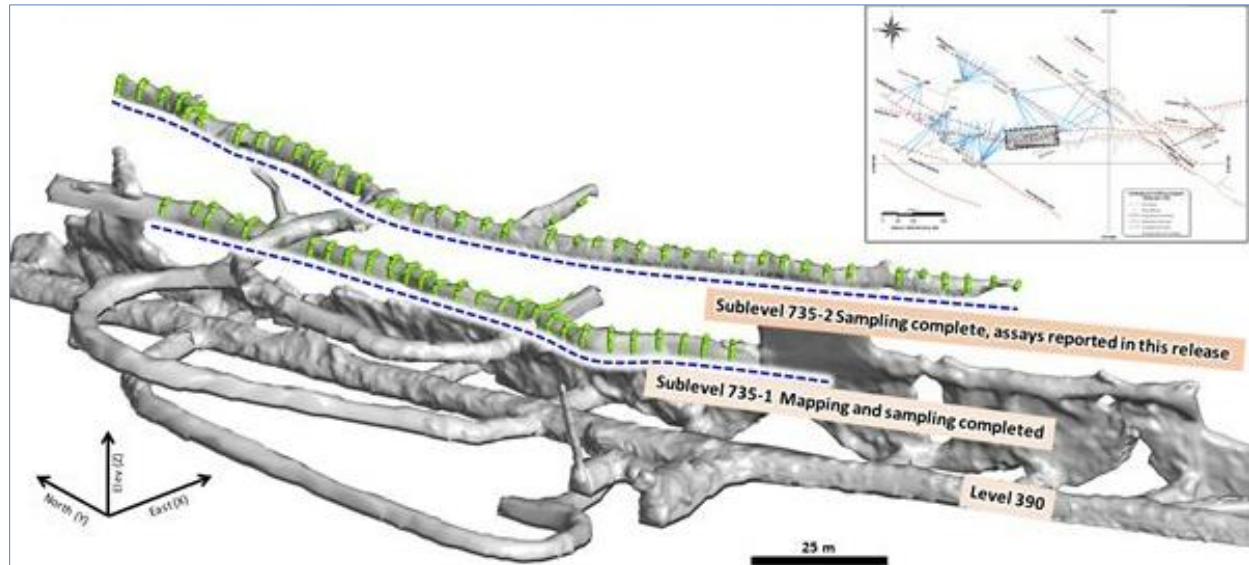
### First holes into Perseguida vein hit 1.2m @ 688g/t AgEq; UG sampling talks to accessible inventory

Silver Mountain reports results from four holes on the Perseguida Vein with highlight intercepts of **1.2m @ 688g/t AgEq**, **0.9m @ 293g/t AgEq** and **0.5m @ 592g/t AgEq** at spot, from 302-319m down hole and 100-150m below the lowest historic mine development level. All four holes encountered mineralization ranging between 0.3m-1.2m thicknesses. The Perseguida vein system is 200m northeast and subparallel to the Metseysaca vein system and has seen limited historic underground exploitation. Drilling today on the Metseysaca vein returned highlights of **0.6m @ 633g/t AgEq**, **0.5m @ 216g/t AgEq**, which extended

mineralization ~250 m to the southeast of the existing 415mL. Also, new / splay veins were intersected between these zones, returning highlights of **0.3m @ 821g/t** and **0.4m @ 476g/t AgEq**.

**Underground channel sampling:** On January 17<sup>th</sup>, Silver Mountain reported results from underground channel sampling on the 735-2 sublevel along the **Matacaballo vein**. Highlights include **1.6m @ 482g/t AgEq**, **2.2m @ 368g/t AgEq**, **1.2m @ 442g/t AgEq** and **1.4m @ 394g/t AgEq** (all at spot) from along a 175m strike.

Figure 2. Isometric view of the Matacaballo vein highlighting mapping and channel sampling locations



Source: Silver Mountain

## Why we like Silver Mountain

- Historic 81Moz @ 838g/t AgEq resource (40% M&I) across two adjacent mines in Peru
- Fully permitted for low-cost (SCPe US\$20-30m) initial restart for SCPe 2-3Moz AgEq pa
- Long term SCPe 5-10Moz AgEq pa 'hub and spoke' potential
- Experienced management & board with deep roots in country
- Critically low valuation relative to peers ahead of major catalysts

## Catalysts

- 1Q23: UG drilling and sampling results
- 1H23: MRE update
- Mid-2023: PEA
- 2H23: plant refurbishment completion & restart decision

## Research

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<b>Ticker:</b> AGMR CN	<b>Price/mkt cap:</b> C\$0.365/sh, C\$68m	<b>Group P/NAV today:</b> 0.40x	<b>Asset:</b> Reliquias / Dorita
<b>Author:</b> B. Gaspar / E. Magd. Rec / 1xNAV PT:	BUY, C\$0.9/sh		<b>Country:</b> Peru

Non 43-101 resources	Tonnes	*AgEq	M&I (%)	Ag (%)	Commodity	Price	Recov.	Payab.	NSR*	% totl.	
Reliquias	1.5Mt	627g/t	30Moz	46%	50%	Silver (Ag)	20	88%	95%	84%	50%
Caudalosa	1.5Mt	908g/t	45Moz	0%	49%	Copper (Cu)	3.63	54%	95%	51%	23%
<b>Total M&amp;I + Inf resource</b>	<b>3.0Mt</b>	<b>771g/t</b>	<b>75Moz</b>	<b>40%</b>	<b>50%</b>	Zinc (Zn)	1.18	80%	85%	68%	17%
						Lead (Pb)	0.90	83%	88%	73%	11%
						Gold (Au)	1700	0%	0%	0%	0%

\*AgEq calcs using US\$16/oz Ag, US\$1.20/lb Zn, US\$0.95/lb Pb, and US\$2.81/lb Cu

### SOTP project valuation\*

	C\$m	O/ship	NAVx	C\$/sh
Reliquias NAV @ US\$2.00/oz AgEq	80	100%	1.0x	0.48
Caudalosa NAV @ US\$0.50/oz AgEq	30	100%	1.0x	0.18
Cash @ 3Q22	16.7	-	1.0x	0.10
Cash from options+warrants	22.2	-	1.0x	0.13
SCPe Group 1xNAV	149		PT:	0.90
*Ex G&A and fin. costs			Market P/NAV:	0.40x

Source: SCP estimates

\*SCPe Payable recoverable / in-situ, \*Gold not historically assayed

### Share data

	Basic	FD
Shares (m)	186.4	221.2

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**NEUTRAL:** The stock's total returns are expected to be in line with the overall market

**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

**UNDER REVIEW:** The stock will be placed under review when there is a significant material event with further information pending; and/or when the research analyst determines it is necessary to await adequate information that could potentially lead to a re-evaluation of the rating, target price or forecast; and/or when coverage of a particular security is transferred from one analyst to another to give the new analyst time to reconfirm the rating, target price or forecast.

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

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9	The analyst has been reimbursed for travel expenses for a site visit by the issuer	NO

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Summary of Recommendations as of January 2023	
BUY:	53
HOLD:	1
SELL:	0
UNDER REVIEW:	1
TENDER:	0
NOT RATED:	0
TOTAL	55

<sup>1</sup> As at the end of the month immediately preceding the date of issuance of the research report or the end of the second most recent month if the issue date is less than 10 calendar days after the end of the most recent month