

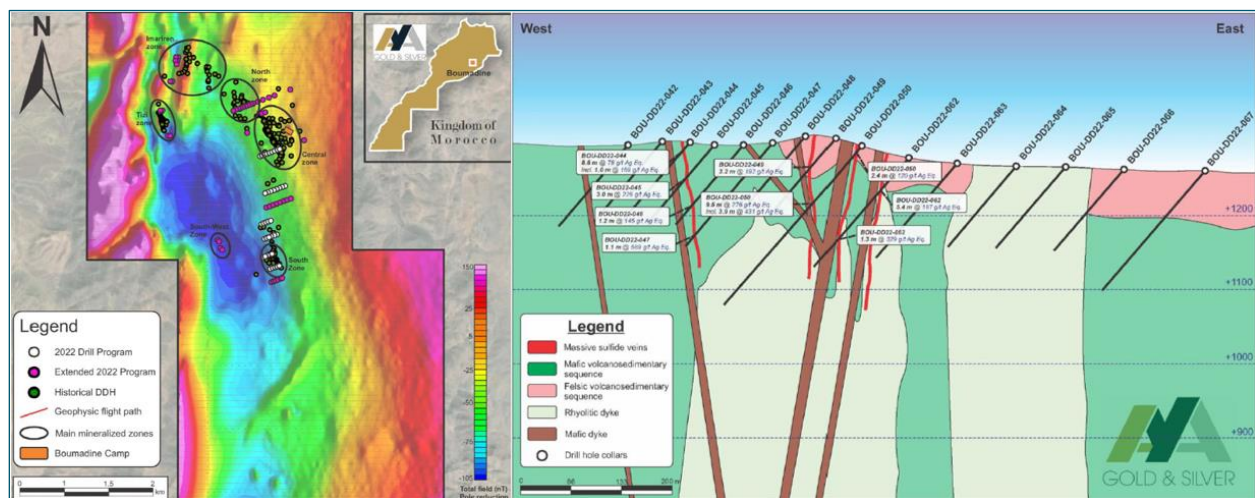
Ticker: AYA CN
Market cap: C\$858m
REC. (unc): BUY

Net cash: US\$124m
Price: C\$7.39sh
TARGET (unc): C\$14.50/sh

Project: Zgounder
Country: Morocco
RISK RATING (unc): HIGH

We see three key takeaways from today's Boumadine drilling. First, the presence of multiple parallel structures supports the viability of a larger open pit, especially in the north, central and south-central zones where the veins come to surface. This is aided by the massive sulphide nature of mineralization which should help with dilution (are visually distinct = easier for ore spotting) and processing (amenable to flotation). Second, today's average highlighted hit of 4m @ 388g/t AgEq or 4.2g/t AuEq (42-29-19-7% Au-Ag-Zn-Pb) has the grades needed to carry a pit. Third, the majority of drilling to date remains at 100-150m at deepest, so there is significant potential to add mineralization at depth as well as along strike in this year's upcoming 3-rig / 36,000m program. **We maintain our Buy rating and C\$14.50/sh PT based on 1.5x NAV5%-24/oz PT.** Big picture, this is an exciting catalyst rich year for Aya including MRE updates at Zgounder (we think potential to reach 150Moz Ag) and Boumadine (targeting line of site on Aya's 2nd mine), plus the Zgounder expansion which should increase production to 7-9Moz Ag at sub US\$10/oz AISC from 2H24. We think the combination of high quality management, first-mover advantage in Morocco, and a tier-one asset coming into steady state production make Aya a must-own, especially ahead of upcoming catalysts.

Figure 1. Boumadine (A) aerial magnetic survey; (B) cross section of main trend

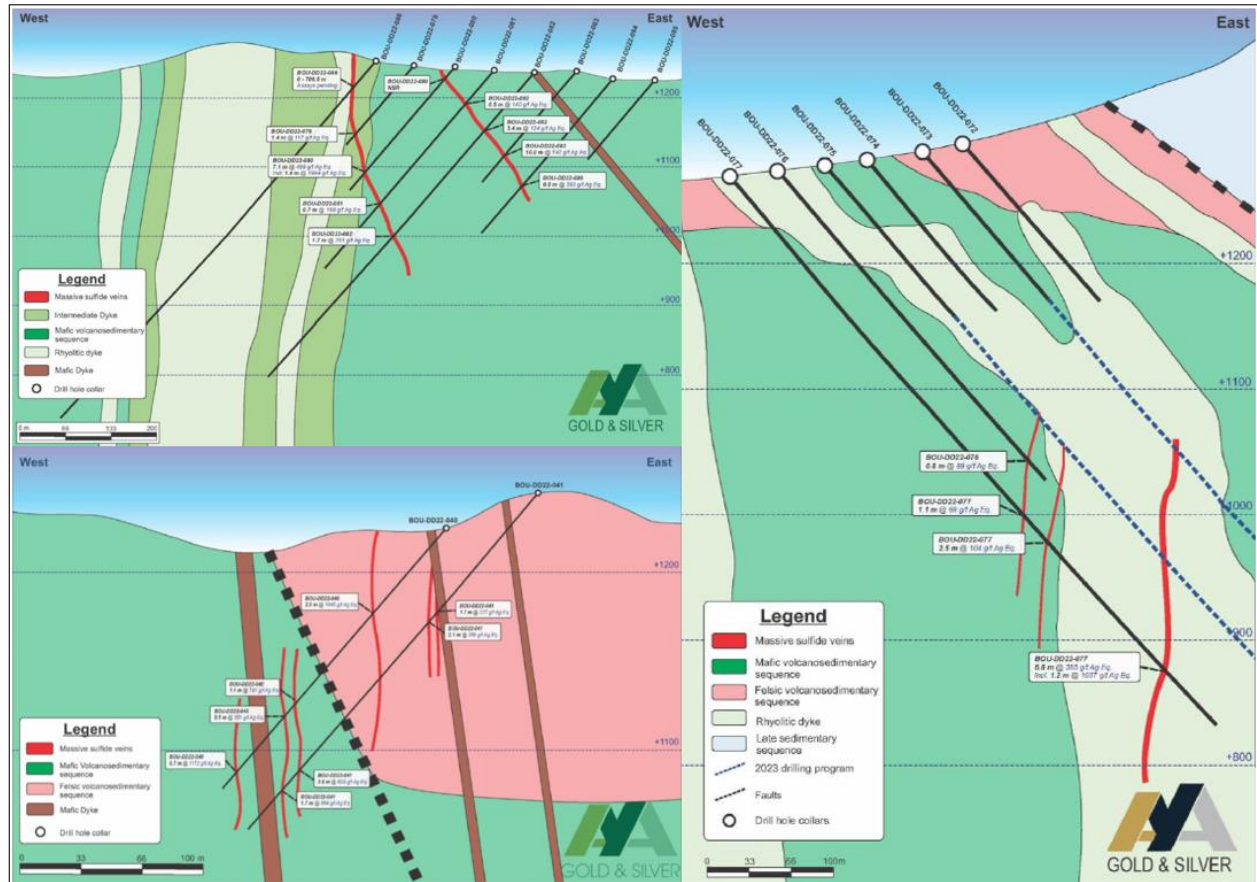


Source: Aya Gold & Silver

Boumadine drilling averages 3.9m @ 388g/t AgEq, 3-rig / 36,000 program planned for 2023

Aya announced results of 2022's extended drilling campaign at Boumadine. 16 intercepts were highlighted averaging 3.9m @ 388g/t AgEq (42-29-19-7-2-1% Au-Ag-Zn-Pb-Cu-Mo, respectively) with hits from 52m downhole at Boumadine North, to deepest hit 521m downhole at Boumadine South. Best hits included 9.5m @ 7.7g/t AgEq from 203m (Central) and 9.5m @ 276g/t from 104.5m (North). Aya completed 86 holes for 18,335m in 2022 and plans to drill 36,000m with three rigs on site in 2023, targeting an updated MRE in the next 12 months.

Figure 2. Boumadine (clockwise): Central-North, South, and Central-South targets



Source: Aya Gold & Silver

Why we like Aya Gold & Silver

1. Proven management team led by Benoit La Salle (Semafo founder)
2. Already at 102Moz with potential for another 30-50Moz in 2023
3. Operational turnaround achieving scale at 1.2Mozpa current run rate and pathway 7-9Mozpa at sub \$9/oz AISC pure-play silver production.

Catalysts

1. 2023 Zgounder & Boumadine exploration drill program, updated MRE
2. 2H22-2H24: Construction of 2ktpd plant, mining ramp up
3. 2H24: SCPe 2,700tpd run rate

Research

- Justin Chan (London) M: +44 7554 784 688 jchan@sprott.com
- Eleanor Magdzinski (Toronto) M: +1 705 669 7456 emagdzinski@sprott.com
- Konstantinos Kormpis (Toronto) M: +1 778-957-3623 kkormpis@sprott.com

Ticker:	AYA CN	Price / mkt cap:	C\$7.39/sh, C\$858m			Market P/NAV:	0.78x			Assets:	Zgounder
Author:	J Chan / E Magdzinski	Rec / PT:	BUY / C\$14.50			1xNAV ₁₀₂₂ FD:	C\$9.53/sh			Country:	Morocco
Group-level SOTP valuation						Share data					
	3Q22	4Q22E				Basic shares (m): 116.1		FD + options (m): 126.5		FD + FF 127.2	
		US\$m	O/ship	NAVx	C\$/sh	Commodity price		CY20A	CY21A	CY22E	CY23E
Zgounder NPV 4Q22E		692	100%	1.0x	7.31	Silver price (US\$/oz)		21.0	22.5	20.2	22.3
Central SG&A & fin costs 4Q22E		(42)	-	1.0x	(0.44)	Ratio analysis		CY20A	CY21A	CY22E	CY23E
Ounces ex mine plan (\$50/oz AuEq)		-	100%	1.0x	-	FD shares out (m)		83.7	102.7	126.5	126.5
Other (50/oz AuEq)+Imiter B. (US\$25m)		109		1.0x	1.15	EPS (US\$/sh)		(0.021)	0.012	0.010	0.019
Cash and restr. cash 3Q22		124	-	1.0x	1.30	CFPS before w/c (US\$/sh)		0.03	0.10	0.08	0.07
Debt 3Q22		(0)	-	1.0x	(0.00)	FCFPS pre gth spend (US\$/sh)		(0.00)	0.15	0.08	(0.00)
ITM options		20	-	1.0x	0.21	FCF/sh (US\$/sh)		(0.03)	(0.13)	(0.30)	(0.67)
1xNAV5% US\$24/oz		903			9.53	EV (US\$m)		795	889	518	561
Target multiples	Multiple				C\$/sh	FCF yield ex gth spend (%)		neg	1.5%	1.4%	neg
Target P/NAV Multiple	1.5x				14.50	FCF yield (%)		neg	neg	neg	neg
Target price					14.50	PER (x)		(464.6)	762.4x	429.4x	242.3x
1xNAV sensitivity to gold price and discount / NAV multiple						P/C/F (x)		314.1x	96.7x	52.3x	68.4x
1xNAV Zgounder (US\$m)	\$16.0oz	\$20.0oz	\$24.0oz	\$28.0oz	\$32.0oz	EV/EBITDA (x)		264x	71.7x	51.5x	80.2x
7% discount	201	387	573	758	944	Income statement		CY20A	CY21A	CY22E	CY23E
5% discount	256	474	692	911	1,129	Revenue (US\$m)		14	34	38	36
3% discount	325	585	844	1,104	1,363	COGS (US\$m)		(8)	(16)	(22)	(24)
Valuation (C\$/sh)	\$16.0oz	\$20.0oz	\$24.0oz	\$28.0oz	\$32.0oz	Gross profit (US\$m)		6	19	16	12
1.0xNAV	4.50	7.00	9.50	12.00	14.50	Expenses (US\$m)		(2)	(2)	(3)	(3)
1.5xNAV	7.00	10.50	14.50	18.00	21.50	Impairment & other (US\$m)		-	-	-	-
2.0xNAV	9.50	14.00	19.00	24.00	29.00	Net finance costs (US\$m)		1.3	(0.3)	1.6	1.7
Valuation over time	1Q20A	1Q21A	1Q22E	1Q23E	1Q24E	Tax (US\$m)		(0.9)	(3.8)	(1.2)	(0.0)
Mines NPV (US\$m)	620	651	692	767	886	Minority interest (US\$m)		(0.5)	(1.6)	(2.5)	-
Cntrl G&A & fin costs (US\$m)	(44)	(42)	(41)	(42)	(39)	Net income attr. (US\$m)		3.9	11.0	10.8	11.1
Net cash at 1Q (US\$m)	30	81	34	31	57	EBITDA		(1.8)	1.3	1.3	2.4
Other Assets + Options	129	129	129	129	129	Cash flow		CY20A	CY21A	CY22E	CY23E
1xNAV (US\$m)	735	819	813	885	1,033	Profit/(loss) after tax (US\$m)		(2)	1	1	2
P/NAV (x):	0.95x	0.85x	0.86x	0.79x	0.68x	Add non-cash items (US\$m)		4	9	9	6
1xNAV share px FD (C\$/sh)	7.76	8.65	8.58	9.34	10.90	Less wkg cap / other (US\$m)		(1)	8	4	(2)
ROI to equity holder (% pa)	5%	17%	8%	8%	10%	Cash flow ops (US\$m)		1	18	14	7
1.2xNAV share px FD (C\$/sh)	9.31	10.38	10.30	11.21	13.08	PP&E (US\$m)		(2)	(9)	(48)	(88)
ROI to equity holder (% pa)	26%	40%	18%	15%	15%	Other (US\$m)		0	(4)	-	-
Resource / Reserve	Mt	Moz Ag	Moz Au	EV/oz Ag:V/oz Ag:E		Cash flow inv. (US\$m)		(6)	(24)	(48)	(93)
M&I + Inf - Zgounder	10.13	102.5		4.1	5.4	Debt draw (repayment) (US\$m)		(0.1)	(0.2)	0.2	50.0
SCPe inventory - Zgounder	15.55	130.0		4.3	4.3	Equity issuance (US\$m)		20.0	58.1	-	13.5
Other assets - M&I&I	22.69	18.6	1,295			Other (US\$m)		(1.6)	-	-	-
Total M&I&I	32.82	121.0	1,295	4.6	2.3	Cash flow fin. (US\$m)		18.3	57.9	0.2	63.5
Production (100%)	CY19A	CY20A	CY21A	CY22E	CY23E	Net change post forex (US\$m)		13	52	(34)	(23)
Zgounder (000oz Ag)	452	690	1,601	1,881	1,722	Balance sheet		CY20A	CY21A	CY22E	CY22E
Zgounder cash cost (US\$/oz)	6.68	12.07	9.77	11.33	13.04	Cash (US\$m)		33	84	36	84
Zgounder AISC (US\$/oz)	18.83	14.19	12.28	12.58	19.41	Accounts receivable (US\$m)		4	7	8	8
Group (000oz Ag)	452	690	1,601	1,881	1,722	Inventories (US\$m)		2	4	6	10
Group cash cost (US\$/oz)	7.84	12.09	9.77	11.38	14.07	PPE & exploration (US\$m)		30	64	101	183
Group AISC (US\$/oz)	21.46	22.52	17.58	16.24	22.31	Other (US\$m)		2	2	3	3
C1 = opex (excl. G&A) + royalties; AISC = C1 + sust capex + capitalized stripping/development						Total assets (US\$m)		72	161	155	288
<div>4,000koz 3,000koz 2,000koz 1,000koz 0koz</div> <div>CY19A CY20A CY21A CY22E CY23E</div> <div>US\$40/oz US\$30/oz US\$20/oz US\$10/oz US\$0/oz</div>						Debt (US\$m)		0	0	0	50
						Other liabilities (US\$m)		10	21	21	23
						Shareholders equity (US\$m)		112	185	171	250
						Retained earnings (US\$m)		(51)	(52)	(45)	(43)
						Minority int. & other (US\$m)		1	7	8	8
						Liabilities+equity (US\$m)		72	161	155	288

DISCLOSURES & DISCLAIMERS

This research report (as defined under IIROC Rule 3600, Part B) is issued and approved for distribution in Canada by Sprott Capital Partners LP ("SCP"), an investment dealer who is a member of the Investment Industry Regulatory Organization of Canada ("IIROC") and the Canadian Investor Protection Fund ("CIPF"). The general partner of SCP is Sprott Capital Partners GP Inc. and SCP is a wholly-owned subsidiary of Sprott Inc., which is a publicly listed company on the Toronto Stock Exchange under the symbol "SII". Sprott Asset Management LP ("SAM"), a registered investment manager to the Sprott Funds and is an affiliate of SCP. This research report is provided to retail clients and institutional investors for information purposes only. The opinions expressed in this report are the opinions of the author and readers should not assume they reflect the opinions or recommendations of SCP's research department. The information in this report is drawn from sources believed to be reliable but the accuracy or completeness of the information is not guaranteed, nor in providing it does SCP and/or affiliated companies or persons assume any responsibility or liability whatsoever. This report is not to be construed as an offer to sell or a solicitation of an offer to buy any securities. SCP accepts no liability whatsoever for any loss arising from any use or reliance on this research report or the information contained herein. Past performance is not a guarantee of future results, and no representation or warranty, expressed or implied, is made regarding future performance of any security mentioned in this research report. The price of the securities mentioned in this research report and the income they generate may fluctuate and/or be adversely affected by market factors or exchange rates, and investors may realize losses on investments in such securities, including the loss of investment principal. Furthermore, the securities discussed in this research report may not be liquid investments, may have a high level of volatility or may be subject to additional and special risks associated with securities and investments in emerging markets and/or foreign countries that may give rise to substantial risk and are not suitable for all investors. SCP may participate in an underwriting of, have a position in, or make a market in, the securities mentioned herein, including options, futures or other derivatives instruments thereon, and may, as a principal or agent, buy or sell such products.

DISSEMINATION OF RESEARCH: SCP's research is distributed electronically through email or available in hard copy upon request. Research is disseminated concurrently to a pre-determined list of clients provided by SCP's Institutional Sales Representative and retail Investment Advisors. Should you wish to no longer receive electronic communications from us, please contact unsubscribe@sprott.com and indicate in the subject line your full name and/or corporate entity name and that you wish to unsubscribe from receiving research.

RESEARCH ANALYST CERTIFICATION: Each Research Analyst and/or Associate who is involved in the preparation of this research report hereby certifies that:

- The views and recommendations expressed herein accurately reflect his/her personal views about any and all of the securities or issuers that are the subject matter of this research report;
- His/her compensation is not and will not be directly related to the specific recommendations or view expressed by the Research analyst in this research report;
- They have not affected a trade in a security of any class of the issuer within the 30-day period prior to the publication of this research report;
- They have not distributed or discussed this Research Report to/with the issuer, investment banking group or any other third party except for the sole purpose of verifying factual information; and
- They are unaware of any other potential conflicts of interest.

UK RESIDENTS: Sprott Partners UK Limited ("Sprott") is an appointed representative of PillarFour Securities LLP which is authorized and regulated by the Financial Conduct Authority. This document has been approved under section 21(1) of the FMSA 2000 by PillarFour Securities LLP ("PillarFour") for communication only to eligible counterparties and professional clients as those terms are defined by the rules of the Financial Conduct Authority. Its contents are not directed at UK retail clients. PillarFour does not provide investment services to retail clients. PillarFour publishes this document as non-independent research which is a marketing communication under the Conduct of Business rules. It has not been prepared in accordance with the regulatory rules relating to independent research, nor is it subject to the prohibition on dealing ahead of the dissemination of investment research. It does not constitute a personal recommendation and does not constitute an offer or a solicitation to buy or sell any security. Sprott and PillarFour consider this note to be an acceptable minor non-monetary benefit as defined by the FCA which may be received without charge. This is because the content is either considered to be commissioned by Sprott's clients as part of their advisory services to them or is short term market commentary. Neither Sprott nor PillarFour nor any of its directors, officers, employees or agents shall have any liability, howsoever arising, for any error or incompleteness of fact or opinion in it or lack of care in its preparation or publication; provided that this shall not exclude liability to the extent that this is impermissible under the law relating to financial services. All statements and opinions are made as of the date on the face of this document and are not held out as applicable thereafter. This document is intended for distribution only in those jurisdictions where PillarFour is permitted to distribute its research.

IMPORTANT DISCLOSURES FOR U.S. PERSONS: This research report was prepared by Sprott Capital Partners LP ("SCP"), a company authorized to engage in securities activities in Canada. SCP is not a registered broker/dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through Sprott Global Resource Investments Ltd. ("SGRIL"), a broker dealer in the United States registered with the Securities Exchange Commission ("SEC"), the Financial Industry Authority ("FINRA"), and a member of the Securities Investor Protection Corporation ("SIPC"). Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through SCP.

SGRIL accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to a U.S. person other than a major U.S. institutional investor. The analyst whose name appears in this research report is not licensed, registered, or qualified as a research analyst with FINRA and may not be an associated person of SGRIL and, therefore, may not be subject to applicable restrictions under FINRA Rule 2241 regarding communications by a research analyst with a subject company, public appearances by the research analyst, and trading securities held by a research analyst account. To make further inquiries related to this report, United States residents should contact their SGRIL representative.

ANALYST CERTIFICATION / REGULATION AC: The analyst and associate certify that the views expressed in this research report accurately reflect their personal views about the subject securities or issuers. In addition, the analyst and associate certify that no part of their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

SPROTT CAPITAL PARTNERS EXPLANATION OF RECOMMENDATIONS: Should SCP issue research with recommendations, the research rating guidelines will be based on the following recommendations:

BUY: The stocks total returns are expected to be materially better than the overall market with higher return expectations needed for more risky securities markets

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

Research Disclosure		Response
1	SCP and its affiliates collectively beneficially owns 1% or more of any class of the issuer's equity securities ¹	YES
2	The analyst or any associate of the analyst responsible for the report or recommendation or any individual directly involved in the preparation of the report holds or is short any of the issuer's securities directly or through derivatives	NO
3	An SCP partner, director, officer or analyst involved in the preparation of a report on the issuer, has during the preceding 12 months provided services to the issuer for remuneration other than normal course investment advisory or trading execution services	NO
4	SCP has provided investment banking services for the issuer during the 12 months preceding the date of issuance of the research report or recommendation	YES
5	Name of any director, officer, employee or agent of SCP who is an officer, director or employee of the issuer, or who serves in an advisory capacity to the issuer	NO
6	SCP is making a market in an equity or equity related security of the issuer	NO
7	The analyst preparing this report received compensation based upon SCP's investment banking revenue for the issuer	NO
8	The analyst has conducted a site visit and has viewed a major facility or operation of the issuer	YES
9	The analyst has been reimbursed for travel expenses for a site visit by the issuer	NO

Sprott Capital Partners Equity Research Ratings:

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

¹ 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