

Ticker: AGMR CN
Market cap: C\$51m

Pro-forma cash: C\$26m
Price: C\$0.235/sh

Project: Reliquias / Dorita
Country: Peru

REC. (unc): BUY

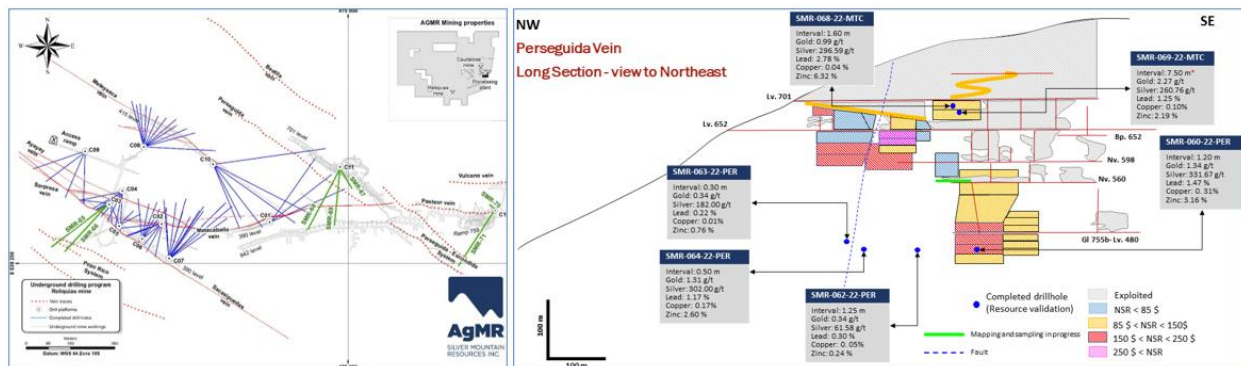
TARGET (unc): C\$0.90/sh

RISK RATING (unc): VENTURE

Recall last year's resource validation drilling saw a data cut-off as at the end of November 2022 for maiden 43-101 MRE due imminently. Moreover, with ~17km of drilling, mapping and sampling programs now complete, we're looking for an initial SCPe ~10Moz AgEq in M&I to be earmarked for quick turn-around to mine inventory ahead of the mine restart next year. The significance of today's drilling simply talks to growth beyond this, to be incorporated in a subsequent MRE for the mid-year PEA. Digging in, the averages of all hits saw 1.3m @ 384g/t AgEq, but also 0.5-0.8m @ 1-2kg/t high-grade extensional veins—a great reminder of the potential 'jewel box' opportunities throughout the mine. Even more impressive was the >3:1 hit rate that continued to outline plenty of targets to follow up (incl. step-outs >200m NW of previously reported).

Big picture, with the stock trading at US\$0.26/oz today vs more advanced peers between US\$3-5/oz in situ, the attraction in the short-term is the re-rate potential on low cost restart for potential 2-3Moz AgEq pa from initial 1,000tpd in 2H24, with growth opportunities thereafter on 'hub and spoke' district never before consolidated. As such, **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. Upcoming catalysts include the maiden 43-101 in the coming weeks, twin tracked drilling and plant refurb ahead of the official mine restart next year.

Figure 1. Reliquias (A) plan map and (B) long-section showing today's drill hits



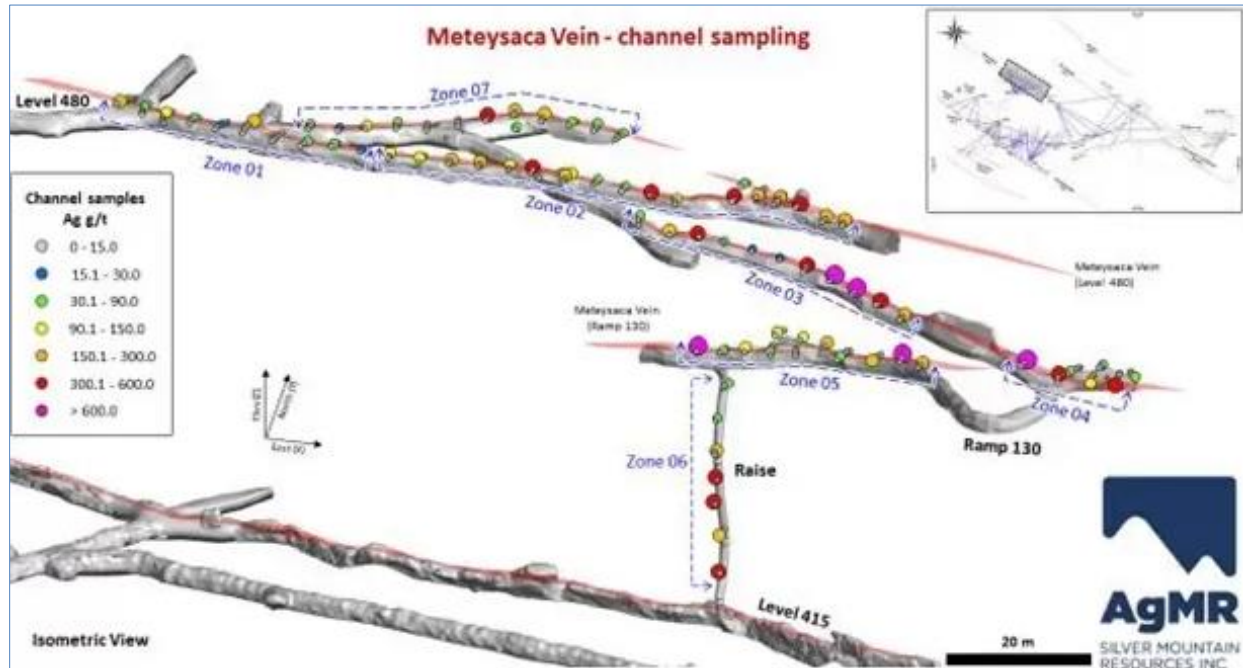
Source: Silver Mountain

Final 2022 assays signal growth opportunities outside of upcoming MRE; 0.8m @ 2.4kg/t AgEq

Silver Mountain reports seven diamond drill holes from their 71-hole (16,955m) 2022 UG drill program at Reliquias highlighted by **0.8m @ 2.4kg/t AgEq** and **0.6m @ 1.7kg/t AgEq** from Perseguida, and **0.6m @ 304g/t AgEq** from the Pozo Rico vein system 120-180m SW of Sacasipudes all at spot. Rehab of 390mL north of Pozo Rico is currently under way ahead of detailed mapping and channel sampling this year. Additional rehab to east of Reliquias is ongoing ahead of drill testing on Pasteur, Vulcano, and Escondida veins below and laterally of historic mine workings.

Separately, on February 14th, Silver Mountain reported results from underground channel sampling on the 480 level along the **Metseysaca Vein**. Highlights include **0.9m @ 1,216g/t AgEq**, **0.9m @ 1,152g/t AgEq**, **1.9m @ 705g/t AgEq**, and **0.6m @ 1,361g/t AgEq** (all at spot). Sampling programs have now been completed on 415L and 480L with results to be incorporated into upcoming 43-101 resource. Rehab of 520L is ongoing ahead of next months detailed sampling and mapping program. Additionally, initial mine development work is slated for 3Q23.

Figure 2. Isometric view of the Meteyasa 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

- 2023: Ongoing underground drilling
- 1Q23: maiden 43-101 resource
- Mid-2023: PEA / MRE update
- 1H24: plant refurbishment completion & restart decision

Research

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Ticker: AGMR CN	Price/mkt cap: C\$0.235/sh, C\$51m	Group P/NAV today: 0.29x	Asset: Reliquias / Dorita
Author: B. Gaspar / E. Magdzinski	Rec / 1xNAV PT: BUY, C\$0.9/sh		Country: 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)	24	88%	95%	84%	55%
Caudalosa	1.5Mt	908g/t	45Moz	0%	49%	Copper (Cu)	3.63	54%	95%	51%	21%
Total M&I + Inf resource	3.0Mt	771g/t	75Moz	40%	50%	Zinc (Zn)	1.18	80%	85%	68%	15%

AgEq calcs using US\$16/oz Ag, US\$1.20/lb Zn, US\$0.95/lb Pb, and US\$2.81/lb Cu					Lead (Pb)					0.90	83%	88%	73%	10%
SOTP project valuation*					Gold (Au)					1850	0%	0%	0%	0%
	C\$m	O/ship	NAVx	C\$/sh	*SCPe Payable recoverable / in-situ, *Gold not historically assayed									
Reliquias NAV @ US\$2.00/oz AgEq	79	100%	1.0x	0.40	Share data		Basic	FD						
Caudalosa NAV @ US\$0.50/oz AgEq	30	100%	1.0x	0.15	Shares (m)		217.5	267.8						
SCPe pro-forma cash	25.5	-	1.0x	0.13										
Cash from options+warrants	29.1	-	1.0x	0.15										
SCPe Group 1xNAV	164		PT:	0.82										
*Ex G&A and fin. costs			Market P/NAV:	0.29x										

Source: SCP estimates

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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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BUY:	52
HOLD:	1
SELL:	0
UNDER REVIEW:	1
TENDER:	1
NOT RATED:	0
TOTAL	55

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