

Silver X Mining Corp.

Silver X Marks the Spot in the Junior Silver Producer Sector with the Nueva Recuperada Project. Initiating Coverage.

AGX-TSXXV: C\$0.31
Speculative Buy
C\$1.00 Target

In Production, an Emerging Junior Silver Producer With Near-Term Re-Rating Potential: We are initiating coverage of Silver X ("AGX" or "the Company"), an emerging junior silver producer focused on near-term positive cash flow and production growth at its Nueva Recuperada project in Peru. The project is completing a fully funded expansion to 720tpd (from 600tpd) with which it expects to reach positive cash flow early in Q122. We look for 2022 production of approximately 1.8Moz AgEq, at AISC of \$17-18/oz AgEq, generating EBITDA of approximately \$8.1M. Nueva Recuperada currently is in pre-commercial production; we anticipate commercial production and initial guidance in around mid H122.

Plans to Further Increase Production, Grow the Company: The Company plans on increasing production to 2,500tpd by 2024/25 at Nueva Recuperada, at which point we estimate it could produce between 6Moz to +7Moz AgEq/year. Aside from Nueva Recuperada and the Company's current exploration/development pipeline, management continues looking for additional opportunities to further grow the Company. With its current production and growth plans, we are reminded of Fortuna Silver's (FVI-TSX, NR) beginnings as an emerging producer.

Under the Radar, Re-Rating Opportunity: As a recently formed company, we believe Silver X is still flying under investors' radar, and once it begins generating positive cash flow increasing investor attention could lead to a re-rating. **Silver X currently trades at 0.2x our Net Asset Value (NAV) per share and 3.5x our 2022 EBITDA**, which leaves meaningful upside to a sector that trades above 0.8x NAV and 6.5x 2020/21 EBITDA on average. A \$4M convertible debenture maturing on June 30, 2022 (convertible at \$0.4677/shr) could overhang the stock until either delivery of expanded production and positive cash flow leads to a share re-rating and conversion of the debentures, or maturity – whichever comes first. We assume conversion of the debentures in our estimates and valuation.

Nueva Recuperada's District, Resource Growth Potential: Silver X has consolidated its position in the prolific Huachocolpa district through several acquisitions and agreements into a +15,000ha land package. A 7.3Mtonne, 131g/t Ag (290g/t AgEq) Inferred resource was outlined in 2019 based on historical information and 3,000m of drilling. A 25,000m drill program is now underway: 10,000m are currently focused at the Tangana mining unit to expand and upgrade resources to Measured & Indicated categories, and another 15,000m in 2022 are for follow-up and greenfield exploration of pervasive high to low sulphidation, carbonate hosted veins, and underexplored mantos, skarns and porphyry stock targets over the property.

Upcoming Potential Catalysts: (1) Exploration results from the sampling and the 25,000m drill program (ongoing), (2) Completion of Tangana 1/2 & Cauca vein development/production (mid-Q421), (3) commissioning of the plant expansion to 720tpd (Q421-end), (3) Positive cash flow (early 2022), (4) Resource update and PEA (H122).

Initiating With a Speculative Buy Rating and C\$1.00/shr PT: With the ramp up of production, delivery of positive cash flow, increased resource confidence with an updated resource and PEA in H122, we see the current valuation as a potentially rewarding risk-return proposition. Our valuation is based on a 65%/35% weighted NAV/DCF using a 0.8x target multiple and EV/EBITDA using a 8.0x multiple. Our Speculative Buy rating reflects the investment risks associated with a company whose production is currently based on reported Inferred resources (some M&I level resources are now internally developed), though we also note that Nueva Recuperada has been in continuous production (at increasing production rates) since 2019.

Projected Return: 222.6%

Market Data

Market Cap. (C\$M)	\$38
Cash Eq. & ST Inv. (M)	\$9
Debt (M)	\$6
Enterprise Value (M)	\$28
Basic Shares O/S (M)	122.0
Fully Diluted Shares O/S (M)	134.7
Avg. 3-M Daily Volume (000)	376.8
Avg. 3-M Daily Turnover (C\$M)	\$0.1
52-Week Range (C\$)	\$0.27 - \$0.90
Div. Yield (%)	0.00%

Financial Summary (C\$)

Annual	2022E	2023E		
Revenue (M)	32.6	35.8		
EBITDA (M)	8.1	9.4		
Net Income (M)	4.5	5.3		
EPS	0.03	0.04		
P/E	7.1x	6.1x		
CFPS	0.06	0.07		
P/CF	4.0x	3.6x		
Cash, ST Inv.	0.01	0.01		
Quarterly	Q1/22E	Q2/22E	Q3/22E	Q4/22E
EPS	0.01	0.01	0.01	0.01
CFPS	0.02	0.02	0.02	0.02

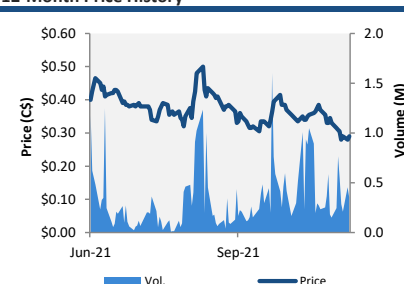
Operating Summary

Annual	2022E	2023E
Ag Prod. (moz)	0.8	0.9
AgEq Prod. (moz)	1.8	2.0
Cash Cost (\$/oz)	\$9.89	\$9.81
AISC (\$/oz)	\$17.19	\$16.33

Company Description

Silver X Mining is a Canadian silver mining company with assets in Peru and Ecuador. The Company's flagship asset is the Nueva Recuperada silver lead zinc project located in Huancavelica, Peru. The Company is led by CEO & Director José García, and Chairman Luis Zapata.

12-Month Price History



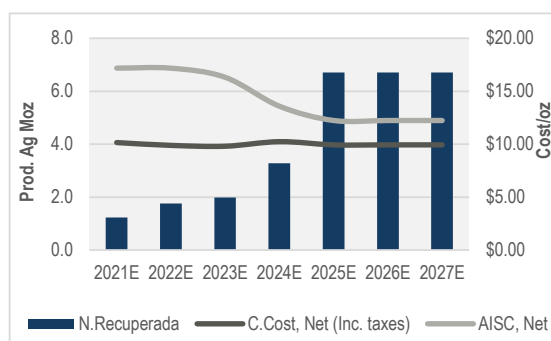
Source: CapitalIQ, Echelon Capital Markets
Figures in US\$ unless otherwise noted

Data Sheet

FINANCIALS (\$M)	2022E	2023E
INCOME STATEMENT		
Total Revenue	32.6	35.8
Cost Of Goods Sold	17.6	19.7
Gross Profit	15.0	16.1
SG&A	6.0	6.0
Operating Expenses	2.6	2.6
Operating Income	6.4	7.5
Net Interest Expense	0.0	0.1
Net Non-Operating	0.0	-0.2
Pretax Income	6.4	7.6
Income Tax Expense	1.9	2.2
Minority Interest	0.0	0.0
Extraordinary/Pref.Div	0.0	0.0
Net Income	4.5	5.3
Adj. Net Income	4.5	5.3
CASH FLOW		
Op. Cash Flow bef. WC	8.1	9.1
Change in WC	0.0	0.0
Cash From Operations	8.1	9.1
Capital Expenditure	-5.8	-5.9
Other Investing Activities	0.0	0.0
Cash from Investing	-5.8	-5.9
Dividends	0.0	0.0
Issue Of Common, Net	0.0	0.0
Issue Of Debt, Net	-1.1	0.0
Other Financing	0.0	0.7
Cash from Financing	-1.1	0.7
Net Change in Cash	1.2	3.9
BALANCE SHEET		
Cash, ST Investments	9.1	13.0
Other Current Assets	2.7	2.7
Total Current Assets	11.8	15.7
PP&E, Net	56.9	61.0
Other Long-Term Assets	12.6	16.5
Total Assets	69.5	77.5
Payable/Other ST Liabilities	11.1	11.1
Current Debt	0.0	0.0
Total Current Liabilities	11.1	11.1
LT Debt/Capital Leases	0.1	0.1
Other Long-Term Liabilities	20.6	20.6
Total Liabilities	20.7	20.7
Total Equity	48.8	56.8
RATIOS		
Basic EPS	0.03	0.04
P/E	7.1x	6.1x
Adj. Basic EPS (US\$)	0.03	0.04
DPS (US\$)	0.000	0.000
Dividend Yield (%)	0.0%	0.0%
CFPS (US\$)	0.06	0.07
P/CF	4.0x	3.6x
EBITDA (US\$M)	8.1	9.4
EV/EBITDA	3.5x	3.0x
PROFIT & SOLVENCY		
EBITDA, %	25%	26%
FCFPS	0.02	0.02
ROE, %	9%	9%
ROA, %	7%	7%
Current Ratio	1.1x	1.4x
Net Debt to Equity	-0.2	-0.2

PRICE DECK (\$)	2022E	2023E
Gold (\$/oz)	1,810	1,765
Silver (\$/oz)	24.50	24.00
Lead (\$/lb)	0.95	0.90
Zinc (\$/lb)	1.25	1.20
Copper (\$/lb)	4.05	3.90
CAD/USD	0.75	0.75
OPERATING		
Silver Production	0.8	0.9
Change YoY (%)	40.2%	14.8%
Eq. Production	1.8	2.0
Change YoY (%)	42.9%	13.1%
Total Cash Cost AgEq (US\$)	9.89	9.81
Change YoY (%)	-3%	-1%
AISC AgEq (US\$)	17.19	16.33
Change YoY (%)	0%	-5%
Levered FCFPS, \$	0.01	0.02
Lev. FCFPS Yield, %	2.9%	7.8%
Net Cash (\$M)	9.0	12.9

CONSOLIDATED PRODUCTION



CONSENSUS	3-M	Current	Return	
Ratings				
Rating:	NA	Buy		Ratings Distribution:
Average:	NA	0.81	160%	Buy/OW: 2
Median:	NA	0.81	160%	Hold: 0
High:	NA	0.99	219%	UW/S: 0
Low:	NA	0.62	101%	

Consensus Ratings: B=Buy, OW=Overweight, Hold, UW=Underweight, S=Sell

Financial Estimates	Q4/21E	0	2022E	2023E
EWP Revenues	0.0	0.0	32.6	35.8
Consensus Revenues	NA	NA	NA	NA
Consensus Revenues -3M	NA	NA	NA	NA
EWP Adj. EPS	-0.02	-0.09	0.03	0.04
Consensus EPS	NA	0.00	0.00	0.00
Consensus EPS -3M	NA	NA	NA	NA
EWP CFPS	-0.01	0.02	0.06	0.07
Consensus CFPS	NA	0.00	0.00	0.00
Consensus CFPS -3M	NA	NA	NA	NA

INSTITUTIONAL OWNERSHIP

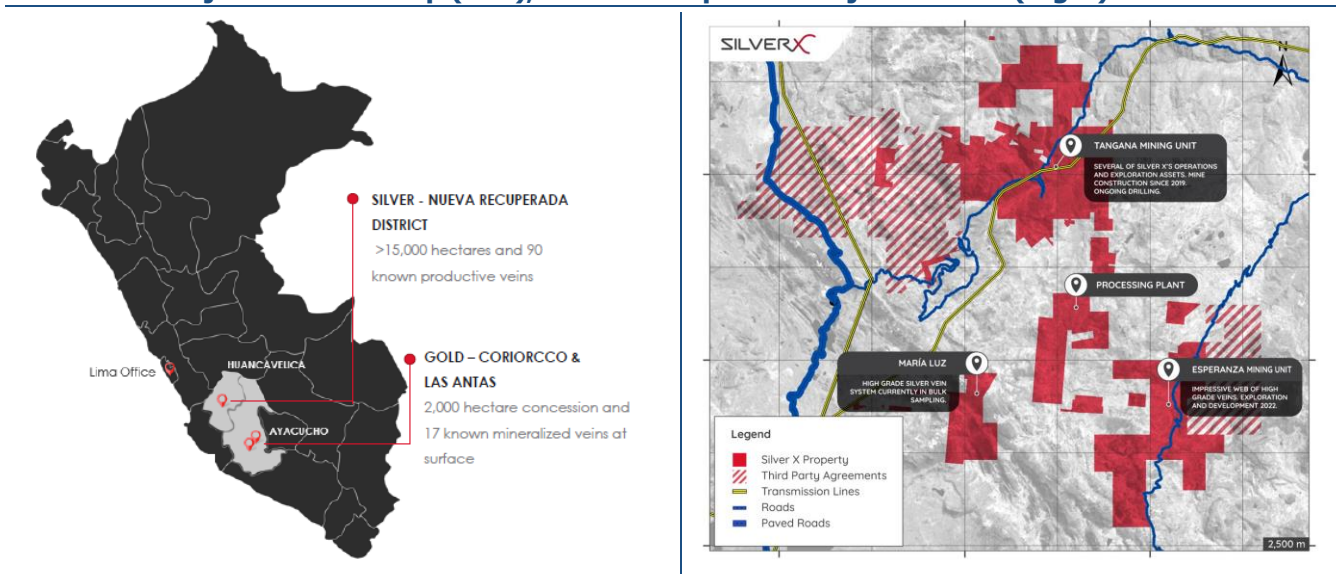
Institution	% Held
U.S. Global Investors, Inc.	4.2%

Source: Company Reports, CapitalIQ, Echelon Capital Markets.

Investment Thesis

We are initiating coverage of Silver X Mining with a Speculative Buy rating and C\$1.00/shr price target. Silver X is a relatively new company headquartered in Vancouver B.C., formed by the business combination of Oro X and Latitude Silver in June 2021. The Company's flagship project is the Nueva Recuperada mine in Peru, currently in pre-commercial production, and on the cusp of a planned initial production increase to 720tpd (from 600tpd currently) with which it expects to begin generating positive cash flow in early 2022, ahead of a much larger production expansion in 2024/25. We believe execution of the production increase to 720tpd and positive cash flow will be catalysts for the Company's share price. The Company's project pipeline includes an option to acquire 100% of the Coriorcco and 85% of the Las Antas projects in Peru, and a 100% interest in the Julian project in Ecuador. We believe management's extensive ties in the Americas will also enable the Company to continue growing through potential acquisitions. ***Please also refer to our November 8, 2021, site visit report for additional background on the Nueva Recuperada project.***

Exhibit 1 – Project Location Map (Left), Nueva Recuperada Project District (Right)



Source: Company Reports

Imminent Positive Cash Flow & Significant Production Growth Plans

The Company raised C\$14M in April 2021 concurrently with the Oro X and Latitude Silver business combination, which fully funded an initial mine and plant production increase to 720tpd (from 600tpd) at the Recuperada project. The expansion is expected to be commissioned at December-end, and begin generating positive cash flow in Q122. For 2022, we look for production of approximately 1.8Moz AgEq at AISC of \$17-18/oz AgEq, generating EBITDA of approximately \$8.1M. Currently, production is focused at the Tangana Mining Unit, from the Tangana 1/2 & Cauca veins, and the San Antonio vein. Management is also examining the potential to add a copper-gold flotation circuit to the plant, given better-than-expected gold and copper grades in the Tangana mine.

Whilst 2022 production is initially modest at 720tpd, the Company's existing cash and expected positive cash flow will allow it to fund a further planned expansion to 2,500tpd by 2024, solidifying its place in the junior silver producer sector. The environmental and social impact assessment ("ESIA") for the expansion to 2,500tpd, which will involve building a separate processing plant and also a new tailings facility, was recently initiated. Approval of the ESIA is expected in 2023. At 2,500tpd, the Company is targeting run-rate production of +5Moz/year AgEq by 2024/25, although we believe production could be closer to up to 6Moz to +7Moz/year AgEq.

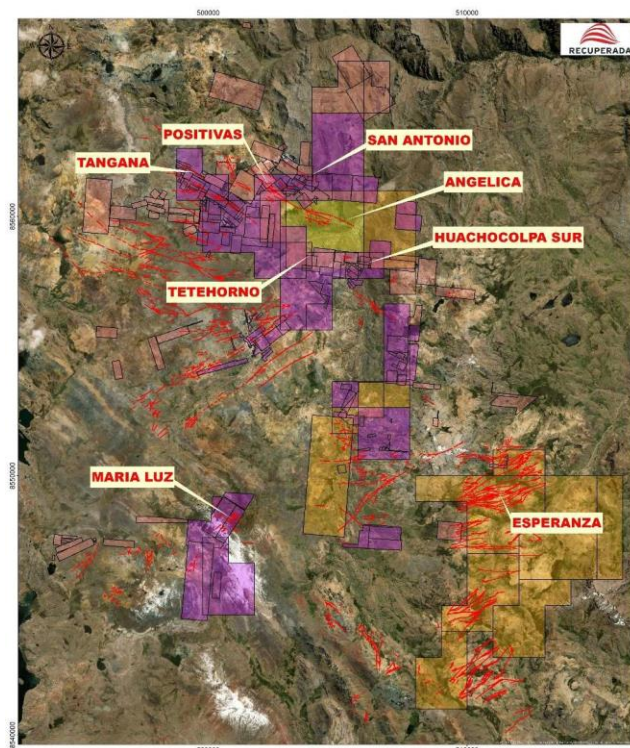
We view Nueva Recuperada as a company-builder, and AGX's strategy for increasing production is similar to what the Caylloma mine did for Fortuna Silver in the early 2010s.

Exploration Potential at Nueva Recuperada

Following the Company's acquisition of Nueva Recuperada in 2017 from Compañía de Minas Buenaventura (BVN-NYSE, NR), Nueva Recuperada was operated on a tight budget but nonetheless managed to outline a significant Inferred Resource (**Exhibit 2**, left) from a handful of veins, based on historical data and only 3,000 metres of drilling. **Exhibit 2** (right) shows the Company's concessions prior to the further acquisitions illustrated in **Exhibit 1** (right) with the project's vein swarms, many of which outcrop at surface, projected in red.

Exhibit 2 – Nueva Recuperada Inferred Resource (Left), Resource Areas, Vein Swarms (Right)

Nueva Recuperada Resource				
Resource / Vein	Tonnes	Ag g/t	Pb%	Zn%
Inferred				
Tangana	4,840,015	116	3.35	1.63
San Antonio	288,671	105	4.25	2.72
Positivas	1,329,048	129	2.71	2.42
Huachocolpa Sur	542,930	123	3.28	4.23
Maria Luz	195,159	496	0.21	0.34
Tetehorno	17,206	61	3.47	7.02
Blenda Rubia	26,110	123	2.82	5.01
Esperanza	85,226	257	2.94	4.84
Total Inferred	7,324,400	130	3.17	2.04



Source: Company Reports. Explanation of right panel: Light pink concessions acquired in 2020, yellow concessions acquired in 2018, dark purple concessions acquired in 2018, initial Latitude Silver concessions in dark yellow. Refer to Exhibit 1 (right) for expanded concession map post-2020.

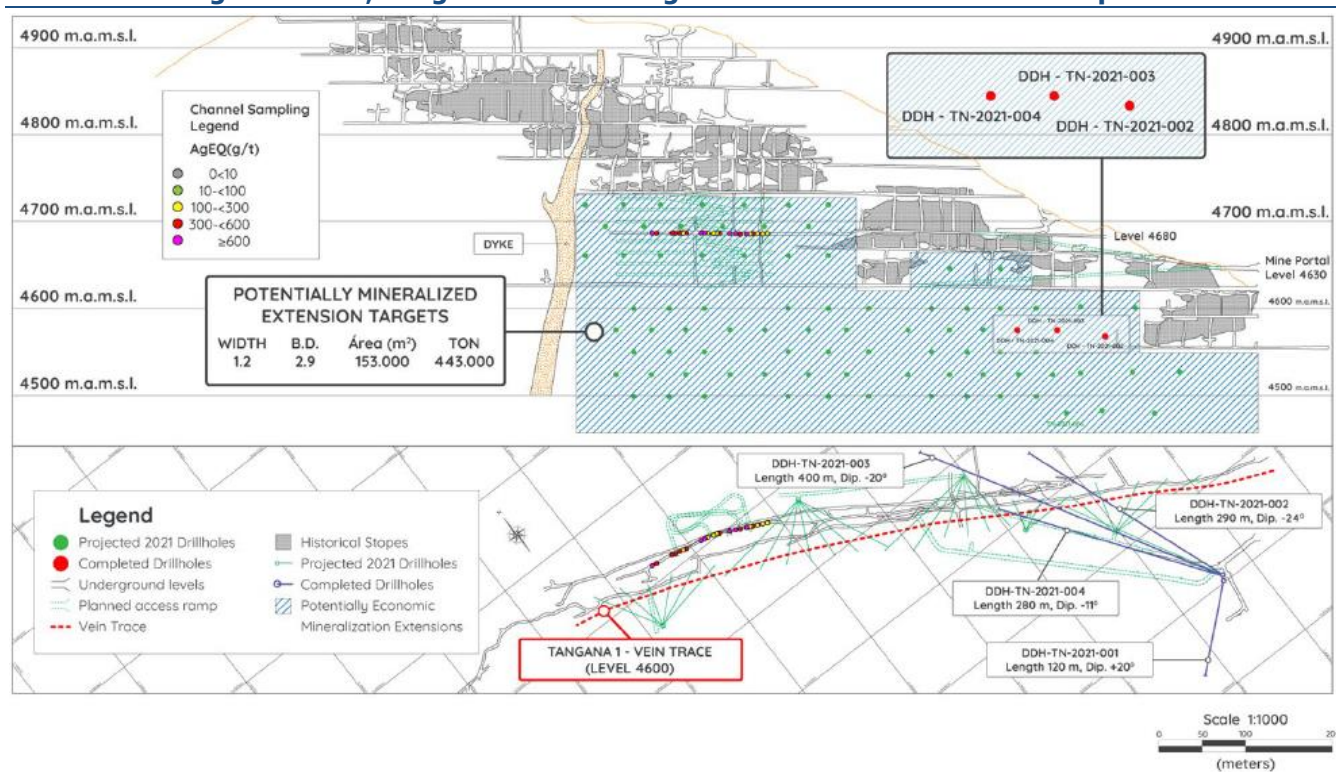
Broadly, mineralization at Nueva Recuperada is mainly hosted in Cenozoic volcanic rocks, straddling the major regional NW-SE Chonta Fault System, and directly overtop the N-S Huachocolpa Fault System. Hydrothermal alteration has caused intense argillic alteration in contact with a volcanic Dome and sedimentary rocks. High, intermediate, and low sulphidation veins, carbonate hosted veins, mantos, breccias, disseminated porphyry, and skarns are all present on the property, which we believe endow Nueva Recuperada with considerable exploration opportunity.

Current Drilling Program: Silver X currently has 25,000m planned for Phase II resource expansion and definition drilling now underway. 10,000m is targeted for high-priority resource growth and definition with two underground rigs, mainly at Tangana (the Tangana 1/2, Cauca, Las Animas, Estrella and Morlupo veins) (see **Exhibit 3** for Tangana 1 exploration long section), whilst 5,000m with two surface rigs will target known silver polymetallic and newly identified greenfield targets such as carbonate hosted mantos east of San Antonio and potentially also several targets related to porphyry mineralization. In 2022, the 10,000m balance of the program will build on infill/definition results from 2021, test greenfield results from H221, and infill Esperanza in H122 and further evaluate Maria Luz in H222 – both high-grade targets. The Company has been continuously reporting surface and underground channel samples; additional drill results should be continuously reported through the next 6-12 months.

We believe that in addition to substantially upgrading the current Inferred resource to Measured & Indicated categories, there is opportunity for the Company to potentially double its resource base following the current drill program. This is considering that the current resource was estimated based on historical data and limited drilling of

approximately 3,000m completed by Latitude Silver to 2019-end, compared to the current 25,000m program now underway.

Exhibit 3 – Tangana 1 Vein, Long Section Showing Areas of Potential Resource Expansion



Source: Company Reports

Project Pipeline

Coriorcco Ag-Ag Project, Peru (100% Ownership Option): The Coriorcco Project option, acquired in 2020 from Titan Minerals Ltd. (TTM-ASX, NR), is a 2,000ha drill-ready project located at an elevation of 3,750m to 4,250m in Ayacucho Region, Peru. Silver X may acquire Coriorcco by making a \$3M payment plus a production royalty to the concession holder. A surface rights agreement with local communities, announced in January 2021, provides for unrestricted exploration access to the project for a period of six years. The project is partially located (approximately 15% of its surface area) within a buffer zone around the Reserva Nacional de Pampa Gelera, which was established after the property concessions were established. A small, selectively mined production run of 7,500 tonnes with an average grade of 7.5g/t gold from three structures was sold by Titan to third parties for processing in 2019. Systematic rock chip sampling from artisanal and small-scale drifts has identified up to >5g/t Au over 47m on the Vein 3 structure, and 73m along Vein 6. Surface (rock chip and/or channel sampling) sampling above the underground workings has also found elevated gold mineralization in Veins 3 and 6, which extend 280m and 405m, respectively, on surface.

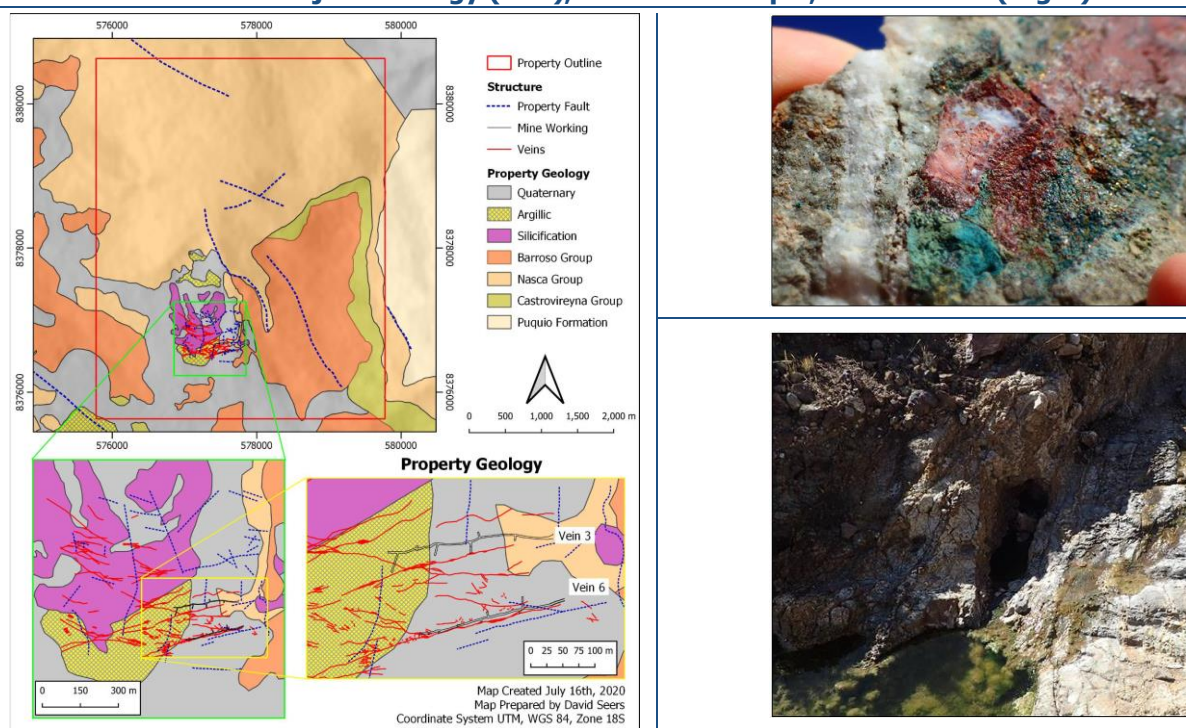
Mineralization is hosted in the silicified and argillic altered Coriorcco Volcanic Dome Structure, which measures approximately 700m by 800m. Mapping has identified 17 epithermal quartz, quartz-carbonate, and quartz-carbonate-adularia veins confined to faulted structures. Veins 3 and 6 are the most significant on the project, and measure and grade (from selective sampling) an average of 0.83m and 5.7g/t Au and 0.65m and 5.10g/t Au, respectively.

Las Antas Project, Peru (85% Ownership Option): The Las Antas Project is a 1,400ha property with bulk tonnage, disseminated gold mineralization. It is hosted by Calipuy volcanic stratigraphy and intruded by several andesitic and dacitic stocks with pervasive hydrothermal alteration in halos of intense silicification, with vuggy silica, alunite and illite. Two priority targets have been identified: Yuracmarca, a 1.5x2.2km area with propylitization, argilization and silicification alterations, and Cerro Amarillo Target, a 3.5x2.3km area with intense silicification, in parts vuggy silica, altered breccias. An initial 60% ownership can be acquired by spending \$2M within a two-year period, and making a \$0.45M payment to the underlying concession holder. A further 25% ownership can be acquired through the following

stages: i) a \$0.5M payment to the underlying concession holder (5%), ii) completing a pre-feasibility study (10%), iii) a \$1.0M payment to the underlying concession holder (5%), and iv) a \$1.0M payment to the underlying concession holder at any time within 60 days following commercial production (5%).

Julian Project, Ecuador (100%): The 2,312ha Julian Project is located in Azuay province, 64km southwest of Cuenca and 100km southeast of Machala. The project surrounds the El Mozo high-sulphidation epithermal gold project previously explored by Newmont (NEM-NYSE, NR) and IAMGOLD (IAG-TSX, NR). El Mozo's mineralized trend is believed to run onto the Julian Project property.

Exhibit 4 – Coriorco Project Geology (Left), and Grab Sample, Area Photos (Right)



Source: Company Reports. Top: Silicified green volcanic (Dacite). Malachite and chalcopyrite (approx. 1-2% disseminated) are hosted in volcanics. Late quartz veining crosscuts and quartz veining cross-cuts volcanics is locally hematite manganese stained. Bottom: 2m zone of sub-vertical and sub-parallel (approx. N120) quartz veining in hydrothermally altered volcanics. 8 individual quartz veins observed up to 4cm across. (NI43-101 Technical Report for the Coriorco Property, Mining Plus, David Seers M.Geol, MausIMM, 2020).

Silver Demand Outlook

Moderately Bullish on Pick-up in Industrial and “Green” Demand for Silver: The case for investing in silver and silver-related equities has recently been driven by an expected ongoing increase in photovoltaic and electronics-related demand growth (Exhibit 5).

As the most conductive metal, silver makes an ideal conductor in sealed and coated applications like solar panels and certain electronics. Although improved manufacturing has steadily reduced the amount of silver used in photovoltaic bus connectors, silver continues to be an ideal material for photovoltaic applications. With photovoltaic technology increasingly cost-competitive with coal and other carbon-based sources of electricity, we anticipate further growth in demand for photovoltaic generation as the cost of carbon pollution rises. Photovoltaic demand growth for silver has risen at a 7.4% CAGR over the last 10 years, while overall industrial and consumer demand (excluding physical demand and hedging) has grown at a 1.2% CAGR in the same period. The automotive sector is also an important source of demand, with increasing amounts of electronics in cars (especially in hybrid/electrical vehicles) driving higher amounts of silver per car. Physical investment (coins, bullion) is the second-largest source of demand at around 23% of total demand over the last 10 years, but has only grown at around a 0.5% CAGR over the last 10 years.

Demand in 2020 fell -14% y/y (excluding physical demand and hedging) due to the COVID-19 pandemic, and a recovery in 2021, which saw +12% y/y growth, has been slowed by supply chain issues that have hit semi-conductors especially

hard, with compounding effects on other demand areas like electrical switches for cars. Therefore, as supply chain issues begin to ease, we see the potential for pent-up demand for photovoltaics and electronics to drive significant demand growth in silver. Including Exchange Traded Products demand, the market has been in a deficit for the last two years, with a forecast deficit in 2022 as well.

Supply: As for the supply, mine production recovered in 2021, with production from Mexico (the world's largest producer of silver) having been partially shut down in 2020 due to the COVID-19 pandemic. Given the strong demand for silver, and high zinc and lead (which a significant amount of by-product silver production comes from) demand, we see potential for a robust supply response maintaining a close supply-demand balance. For its part, zinc production is expected to increase by 2.5% in 2021, with demand increasing by 6.2%. Infrastructure investment may drive zinc demand (for example, in galvanized steel), whilst new clean-tech applications like zinc-flow batteries for stationary power supply may also increase demand.

Exhibit 5 – Silver Supply and Demand

											Year on Year	
Million ounces	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021F	2020	2021
Supply												
Mine Production	795.9	845.3	881.9	896.4	899.4	862.9	848.4	833.2	784.4	848.5	-6%	8%
Recycling	216.0	192.7	175.0	166.5	164.5	167.8	167.8	170.5	182.1	196.2	7%	8%
Net Hedging Supply			107.0	2.2				13.9	8.5	10.0	-39%	18%
Net Official Sector Sales	3.6	17.0	1.2	1.1	1.1	1.0	1.2	1.0	1.2	1.5	18%	27%
Total Supply	1,015.5	1,039.8	1,068.7	1,066.2	1,065.0	1,031.7	1,017.3	1,018.7	976.2	1,056.3	-4%	8%
Demand												
Industrial	450.5	460.8	450.0	457.0	491.5	518.7	513.4	514.6	486.8	524.0	-5%	8%
...of which photovoltaics	55.0	50.5	48.4	54.1	93.7	107.8	92.5	98.7	101.0	105.0	2%	4%
Photography	52.5	45.8	43.6	41.2	37.8	35.1	33.8	32.3	27.6	28.8	-16%	4%
Jewelry	159.0	186.9	192.8	201.6	188.4	195.3	202.0	200.3	148.6	184.4	-26%	24%
Silverware	403.0	46.5	53.6	57.9	53.9	59.6	67.6	62.1	32.6	43.1	-48%	32%
Net Physical Investment	241.9	301.9	284.6	312.6	213.6	156.2	165.6	185.7	200.5	252.8	8%	26%
Net Hedging Demand	40.4	29.3			12.0	1.1	7.4				na	na
Total Demand	985.1	1,071.2	1,024.6	1,070.4	997.2	966.0	989.8	995.4	896.1	1,033.0	-10%	15%
Market Balance	30.5	-31.5	44.1	-4.2	67.8	65.7	27.6	23.3	80.1	23.3	244%	-71%
Net Investment in ETPs	53.6	47.0	-0.3	-17.1	53.9	7.2	-21.4	83.3	331.1	150.0	298%	-55%
Market Balance less ETPs	-23.2	-36.2	44.3	12.9	13.9	58.5	49.0	-60.0	-251.0	-126.7	319%	-50%
Silver Price (US\$/oz. London price)	31.15	23.39	19.08	15.68	17.14	17.05	15.71	16.21	20.55	27.30	27%	33%

Source: Metals Focus, Silver Institute World Silver Survey 2021

Investment Risks

Pre-Commercial Production, Estimate and Resource Risks

The Company is currently in pre-commercial production, pending completion of the expansion to 720tpd and issuing guidance. Based on our recent property visit and ongoing discussions with management, we believe the Company's production plans are on track. That said, our estimates are based on limited resource (an Inferred-only resource) and technical information (a PEA is pending), which introduces some uncertainty into our estimates and valuation. As such, the market may attribute a higher risk discount to the Company pending declaration of commercial production, the updated resource estimate and PEA in H122.

We are modelling production from the existing Inferred resource, the most geologically speculative resource category. Without reserves, there is less certainty with regard to the Company's ability to economically extract current resources. We believe historical production and current resource data are sufficient to support confidence in management's ability to profitably mine Nueva Recuperada, pending greater reported resource confidence (though the Company has already developed some M&I estimates internally) and at least a PEA-level economic study.

Peru Political, Taxation Risk

In October, Peru's Finance Ministry asked the opposition-controlled Congress for powers to legislate taxation reforms that would potentially increase the taxes paid by the mining industry. The reforms under study are reportedly being done in consultation with the IMF to maintain the competitiveness of Peru's mining sector. As yet, concrete proposals for reform have not been presented by the IMF. We believe the reforms may include a restructuring of progressive windfall taxes rates, increasing taxes when metal prices are above average prices. This may reduce a company's leverage to higher prices. It is as yet unclear if the reforms would affect mining companies of all sizes equally, or if larger companies would pay a greater share of windfall taxes than smaller companies. Concerns about a more radical agenda against the mining industry have ebbed given the opposition's control of Congress and the government's willingness to dialogue with all stakeholders.

Financial Risks

The Company has \$4.0M in convertible debentures maturing in June 2022 (see [Estimates](#) – Capitalization). There is no guarantee that if production and cash flow targets are not met, that the Company will have sufficient resources to meet its debenture repayment obligations. However, we do see enough scope with near-term discretionary expenditures and production flexibility for the Company to cover repayment of the debentures even if production and cash flow targets aren't fully met, assuming the debentures are not converted beforehand.

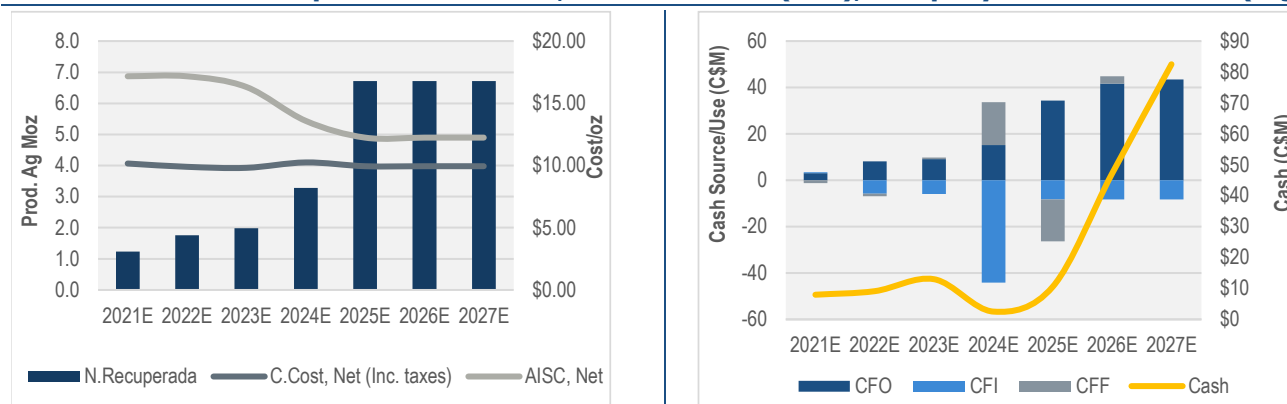
These risks are in addition to the typical risks associated with mining/mineral investments, including but not limited to other operating, financial, political/sovereign, labour, and commodity price risks.

Estimates

Our production estimates (**Exhibit 6**, left) are based on average expected production rates, grades, and recoveries informed by historical information and data gathered on our recent site visit. We currently estimate that roughly 40-50% of total silver-equivalent production will come from silver, and the balance from lead and zinc. We model production of 1.8Moz AgEq, increasing to +6.5Moz AgEq in 2015 at an expanded 2,500tpd production run rate, although we believe production could eventually be closer to 7.0Moz.

Although we see considerable exploration and resource growth potential at Nueva Recuperada from the Company's current 25,000m drill program, our life of mine assumptions do not include any additional resources for the time being (see [Valuation](#) for potential value accretion from resource growth).

Exhibit 6 – Nueva Recuperada Production, Cost Estimates (Left), Company Cash Flow Profile (Right)



Source: Company Reports, Echelon Capital Markets

Our estimated cash flow profile is shown in **Exhibit 6** (right), and a summary of our production and financial estimates is shown in **Exhibit 7**. We assume a \$40.0M capex spend for the production expansion to 2,500tpd and new tailings facility in 2024. Based on our metal price, production and cost estimates, we estimate that Silver X can fund most of the production expansion to 2,500tpd from internal cash flow, but will require some external financing, likely in the form of debt, and which we assume in our fully funded NAV/DCF.

Capitalization: Silver X is well-capitalized, with \$8.5M in cash and equivalents, and \$6.5M in debt from various facilities (at September 30, 2021-end) of which approximately \$1.3M has already been repaid (in a shares for debt transaction). Included in the debt is \$4M in convertible debentures due in June 2022, carrying a 10% annual interest rate and a \$0.4677/shr conversion price. The convertible debentures could overhang the stock until either delivery of expanded production and positive cash flow leads to a share re-rating and conversion of the debentures, or maturity – whichever comes first. We assume conversion of the debentures in our estimates and valuation.

Exhibit 7 – Production and Financial Estimates Summary

OPERATING	Q1/22E	Q2/22E	Q3/22E	Q4/22E	2022E	Q1/23E	Q2/23E	Q3/23E	Q4/23E	2023E	2024E	2025E
PRICE DECK												
Silver (\$/oz)	24.50	24.50	24.50	24.50	24.50	24.00	24.00	24.00	24.00	24.00	23.10	22.00
Lead (\$/lb)	0.95	0.95	0.95	0.95	0.95	0.90	0.90	0.90	0.90	0.90	1.00	1.00
Zinc (\$/lb)	1.25	1.25	1.25	1.25	1.25	1.20	1.20	1.20	1.20	1.20	1.15	1.15
Copper (\$/lb)	4.05	4.05	4.05	4.05	4.05	3.90	3.90	3.90	3.90	3.90	3.90	3.75
MINE PRODUCTION & COSTS												
Nueva Recuperada												
Total Ag Prod. Moz	0.2	0.2	0.2	0.2	0.8	0.2	0.2	0.2	0.2	0.9	1.5	2.9
Change YoY (%)	87%	87%	37%	-5%	40%	15%	15%	15%	15%	15%	58%	99%
Total AgEq. Prod. Moz	0.4	0.4	0.4	0.4	1.8	0.5	0.5	0.5	0.5	2.0	3.3	6.7
Change YoY (%)	96%	92%	40%	-5%	43%	13%	13%	13%	13%	13%	65%	105%
Cash Cost (incl. taxes), \$/oz	9.89	9.89	9.89	9.89	9.89	9.81	9.81	9.81	9.81	9.81	10.24	9.94
Change YoY (%)	-11%	-8%	-8%	10%	-3%	-1%	-1%	-1%	-1%	-1%	4%	-3%
AISC, \$/oz	17.29	17.21	17.13	17.13	17.19	16.37	16.33	16.30	16.30	16.33	13.59	12.24
Change YoY (%)	-15%	-12%	-6%	25%	0%	-5%	-5%	-5%	-5%	-5%	-17%	-10%
FINANCIALS (US\$M)	Q1/22E	Q2/22E	Q3/22E	Q4/22E	2022E	Q1/23E	Q2/23E	Q3/23E	Q4/23E	2023E	2024E	2025E
INCOME STATEMENT												
Total Revenue	8.0	8.1	8.2	8.2	32.6	8.8	8.9	9.0	9.0	35.8	57.0	110.6
Cost Of Goods Sold	4.3	4.4	4.4	4.4	17.6	4.9	4.9	5.0	5.0	19.7	34.0	67.7
Gross Profit	3.7	3.7	3.8	3.8	15.0	4.0	4.0	4.1	4.1	16.1	23.0	42.9
SG&A	1.5	1.5	1.5	1.5	6.0	1.5	1.5	1.5	1.5	6.0	6.0	6.0
Operating Expenses	0.7	0.7	0.6	0.7	2.6	0.7	0.6	0.6	0.7	2.6	2.2	8.2
Operating Income	1.5	1.6	1.6	1.6	6.4	1.8	1.9	1.9	1.9	7.5	14.8	28.7
Net Interest Expense	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	-0.4	-0.1
Net Non-Operating	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.1	-0.2	0.8	0.1
Pretax Income	1.5	1.6	1.6	1.6	6.4	1.8	1.9	1.9	1.9	7.6	14.4	28.7
Income Tax Expense	0.5	0.5	0.5	0.5	1.9	0.5	0.6	0.6	0.6	2.2	4.2	8.5
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Extraordinary/Pref.Div	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Income	1.1	1.1	1.2	1.2	4.5	1.3	1.3	1.4	1.4	5.3	10.1	20.2
Adj. Net Income	1.1	1.1	1.2	1.2	4.5	1.3	1.3	1.4	1.4	5.3	10.1	20.2
Basic EPS (US\$)	0.01	0.01	0.01	0.01	0.03	0.01	0.01	0.01	0.01	0.04	0.08	0.15
Adj. Basic EPS (US\$)	0.01	0.01	0.01	0.01	0.03	0.01	0.01	0.01	0.01	0.04	0.08	0.15
EBITDA (US\$M)	2.0	2.0	2.0	2.0	8.1	2.3	2.3	2.4	2.4	9.4	17.9	35.0
CASH FLOW												
Op. Cash Flow bef. WC	2.0	2.0	2.0	2.1	8.1	2.2	2.3	2.3	2.3	9.1	15.2	34.4
Change in WC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash From Operations	2.0	2.0	2.0	2.1	8.1	2.2	2.3	2.3	2.3	9.1	15.2	34.4
Capital Expenditure	-1.5	-1.5	-1.5	-1.5	-5.8	-1.5	-1.5	-1.5	-1.5	-5.9	-44.1	-8.2
Other Investing Activities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash from Investing	-1.5	-1.5	-1.5	-1.5	-5.8	-1.5	-1.5	-1.5	-1.5	-5.9	-44.1	-8.2
Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Issue Of Common, Net	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Issue Of Debt, Net	0.0	0.0	0.0	-1.1	-1.1	0.0	0.0	0.0	0.0	0.0	18.4	-18.4
Other Financing	0.0	0.0	0.0	0.0	0.0	0.0	0.7	0.0	0.0	0.7	0.0	0.3
Cash from Financing	0.0	0.0	0.0	-1.1	-1.1	0.0	0.7	0.0	0.0	0.7	18.4	-18.1
Net Change in Cash	7.6	7.6	7.6	7.6	-7.1	7.6	7.6	7.6	7.6	0.4	2.9	7.6
CFPS (US\$)	0.02	0.02	0.02	0.02	0.06	0.02	0.02	0.02	0.02	0.07	0.11	0.26
BALANCE SHEET												
Cash, ST Investments	8.5	9.1	9.6	9.1	9.1	9.9	11.3	12.2	13.0	13.0	2.5	10.6
Other Current Assets	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7
Total Current Assets	11.2	11.7	12.3	11.8	11.8	12.6	14.0	14.8	15.7	15.7	5.2	13.2
PP&E, Net	53.7	54.8	55.8	56.9	56.9	57.9	58.9	60.0	61.0	61.0	102.0	104.1
Other Long-Term Assets	12.0	12.6	13.2	12.6	12.6	13.4	14.9	15.7	16.5	16.5	6.0	14.1
Total Assets	65.7	67.3	69.0	69.5	69.5	71.3	73.8	75.7	77.5	77.5	108.1	118.2
Payable/Other ST Liabilities	11.1	11.1	11.1	11.1	11.1	11.1	11.1	11.1	11.1	11.1	11.1	11.1
Current Debt	1.1	1.1	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18.4	0.0
Total Current Liabilities	12.2	12.2	12.2	11.1	11.1	11.1	11.1	11.1	11.1	11.1	29.5	11.1
LT Debt/Capital Leases	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other Long-Term Liabilities	21.7	21.7	21.7	20.6	20.6	20.6	20.6	20.6	20.6	20.6	39.0	20.6
Total Liabilities	21.9	21.9	21.9	20.7	20.7	20.7	20.7	20.7	20.7	20.7	39.1	20.7
Total Equity	43.9	45.5	47.1	48.8	48.8	50.6	53.1	54.9	56.8	56.8	68.9	97.5

Source: Company Reports, Echelon Capital Markets

Valuation & Rating

Price Target: Our 12-month forward C\$1.00/shr price target is based on a 65% weighting to our risk-adjusted NAV per share using a DCF for Nueva Recuperada, and a 35% weighting to our EV/EBITDA valuation (**Exhibit 8**). We weigh our valuation more toward NAV/DCF because it is a better estimate of an extractive industry's company value and because we see greater value potential in a 2024/25 production expansion to 2,500tpd than what is captured by next-twelve month's EBITDA. We value Coriorcco, Las Antas and Julian at a combined nominal \$25M, based on the Company's pre-merger market value. We discount Nueva Recuperada at a standard 5% discount rate for producing assets, as typically used by the mining sector sell-side. We then apply a conservative 0.8x target multiple to adjust for overall company risk and valuation relative to observed multiples across the silver producers' sector (**Exhibit 9**). Our EV/EBITDA target is based on a 8.0x multiple to our NTM EBITDA estimate; our multiple is somewhat higher than the industry average (**Exhibit 9**) but is explained by the increasing value from significant growth in 2024/25 that is captured by the NAV/DCF but not by NTM's EBITDA.

We do not yet add any resource growth to our Nueva Recuperada production assumptions, although we see considerable exploration/resource growth potential. **If mineable resources increased by 50%, holding grades the same as the current Inferred resource, our NAV per share increases +46% to C\$1.67/shr from C\$1.14/shr.** As further drill results are released and we gain more confidence in the resource expansion potential at Nueva Recuperada, we may incorporate an increased resource into our estimates.

Exhibit 8 – 12-Month Forward NAVPS Valuation (Left), 12-Month Forward EV/EBITDA Valuation (Right)

12-Months Forward	Disc. Rate	US\$(M)	US\$/Shr	C\$/Shr
Op. Assets / Investments				
Nueva Recuperada	5.0%	\$143.4	\$1.01	\$1.35
Coriorcco/Las Antas/Julian		\$25.0	\$0.18	\$0.23
Asset Sub-total		\$168.4	\$1.18	\$1.58
Corporate				
Working Capital		\$0.1	\$0.00	\$0.00
Long-term Debt/Leases*		-\$14.5	-\$0.10	-\$0.14
Other LT Liabilities		\$0.0	\$0.00	\$0.00
Dilutive ITM Proceeds		\$0.0	\$0.00	\$0.00
Corporate Sub-total		-\$14.4	-\$0.10	-\$0.13
Total NAV		\$154.0	\$1.08	\$1.45
Target Multiple			0.8x	
Adjusted NAV			\$0.87	\$1.16

*Includes assumed financing for Nueva Recuperada expansion in 2024.

EV/EBITDA	
EBITDA NTM (US\$M)	\$8.1
EV/EBITDA Target Multiple	8.0x
Enterprise Value (US\$M)	\$64
Plus: Cash (US\$M)	\$9
Less: Debt (US\$M)	\$1
Less: Minority Interest (US\$M)	\$0
Equals: Equity Value (US\$)	\$72
Equity Value Per Share (US\$)	\$0.51
Equity Value Per share (C\$)	\$0.68

Source: Company Reports, Echelon Capital Markets

Exhibit 9 – Silver Producer Comparables

Company	Ticker	Close Price	Annual Low-High	Shares O/S (M)	Market Cap (US\$M)	Cash (US\$M)	Debt (US\$M)	EV (US\$M)	P/NAV	EV/'21 EBITDA	EV/'22 EBITDA	P/'21 EPS	P/'22 EPS	P/'21 CF	P/'22 CF
SILVER PRODUCERS															
Fresnillo	FRES-L	8.80	7.43 - 12.80	736.9	8,583	1,203	1,161	8,541	1.6x	6.3x	5.3x	16.1x	13.6x	11.1x	9.7x
Pan American Silver	PAA-T	31.34	27.97 - 50.70	210.3	5,213	315	48	4,945	1.3x	7.8x	5.4x	29.1x	13.8x	11.1x	7.2x
First Majestic Silver	FR-T	14.47	13.14 - 30.75	256.6	2,937	206	198	2,928	2.3x	16.9x	9.3x	127.2x	22.1x	35.8x	10.6x
Coeur Mining	CDE-N	5.52	5.00 - 12.60	257.0	1,417	85	431	1,763	0.8x	8.7x	7.5x	128.7x	32.7x	10.2x	7.5x
Fortuna Silver	FVI-T	4.37	4.01 - 12.61	291.6	1,008	136	200	1,071	0.8x	4.1x	2.9x	7.5x	5.5x	4.6x	2.9x
Hochschild Mining	HOC-L	1.35	0.68 - 2.74	513.9	921	257	204	868	0.9x	2.4x	2.4x	10.6x	10.5x	4.3x	3.8x
Gatos Silver	GATO-T	15.06	8.83 - 31.08	69.1	823	12	13	824	-	9.0x	5.7x	-	-	-	-
Endeavour Silver	EDR-T	5.58	4.32 - 9.32	170.5	752	101	7	659	1.1x	10.3x	7.8x	85.9x	38.9x	19.5x	15.8x
Silvercorp Metals	SVM-T	4.83	4.58 - 10.93	176.5	674	221	1	454	0.8x	5.9x	4.9x	14.0x	11.7x	7.4x	7.2x
Alexco Resource	AXU-T	2.30	1.81 - 4.38	150.9	274	18	3	260	0.9x	-	-	454.7x	9.0x	-	7.3x
Andean Precious Metals	APM-V	1.51	0.92 - 2.03	157.5	188	87	0	101	-	-	-	-	-	-	-
Avino Silver & Gold	ASM-T	0.86	0.77 - 2.85	102.2	88	22	0	66	0.6x	-	4.5x	-	8.7x	21.8x	4.9x
Guanajuato Silver	GSVR-V	0.48	0.20 - 0.74	221.6	84	6	8	86	-	-	3.7x	-	-	-	-
Santacruz Silver	SCZ-V	0.26	0.24 - 0.58	330.2	68	5	8	71	-	-	-	-	-	-	-
Excellon Resources	EXN-T	1.53	1.36 - 4.76	33.1	40	3	9	46	0.2x	-	22.8x	-	13.4x	9.3x	2.6x
Silver X Mining	AGX-T	0.31	0.27 - 0.90	122.0	30	9	6	28	0.3x	-	-	-	24.5x	3.5x	8.2x
Average - Silver Producers									0.99x	7.9x	6.8x	97.1x	17.0x	12.6x	7.3x
Average Excluding 10%/90% Outliers									0.92x	7.4x	5.6x	58.8x	14.8x	10.5x	7.0x

Source: Company Reports (historical data), Echelon Wealth Partners (estimates), CapitalIQ (share price data, consensus estimates)

Source: Company Reports, CapitalIQ, Echelon Capital Markets.

Speculative Buy Rating: Our Speculative Buy rating reflects the investment risks associated with a company whose production is currently based on Inferred resources. We believe delivery of an updated resource report including M&I categories (some of which the Company has already developed internally) and a PEA in H121 will meaningfully reduce

risk and improve valuation. We further note that Nueva Recuperada has been in continuous production at increasing production rates of since 2019 (+55tpd in 2019, and +220tpd in 2020 including +491tpd in Q420, and +500tpd in 2021), providing the Company with ample opportunity to develop its mine plan and mitigate concerns related to companies just starting pre-commercial production.

Target Price Sensitivity: We present the following target price sensitivity based on different NAV and EBITDA multiples. Because our estimates are currently based on conceptual production parameters informed by limited data, as opposed to being based on production optimized engineering studies (as in a PEA or feasibility-level report), we believe sensitivities to our estimates around metal prices and costs are far less accurate or meaningful and we have therefore not fully presented them. That said, our current estimates do present a fairly large degree of sensitivity, such that a 5% move in metal prices produces a ~20% to ~25% change in our NAV – we believe because of the conceptual, non-optimized character of our estimates.

Exhibit 10 – Target Price (Rounded to \$0.05) Sensitivity to EV/EBITDA & NAV Multiples

	NAV Multiple				
	0.6x	0.7x	0.8x	0.9x	1.0x
EV/EBITDA					
6.0x	0.75	0.85	0.95	1.00	1.10
7.0x	0.75	0.85	0.95	1.05	1.15
8.0x	0.80	0.90	1.00	1.05	1.15
9.0x	0.80	0.90	1.00	1.10	1.20
10.0x	0.85	0.95	1.05	1.15	1.20

Source: Echelon Capital Markets

Our price deck is shown in Exhibit 11. Our price deck is based on consensus estimates. We believe, based on the fundamental demand drivers outlined in the [Silver Demand Outlook](#) section of this report, there is greater upside to consensus silver and zinc prices in particular, than there is to the downside.

Exhibit 11 – Silver, Lead, Zinc Price Estimates

	2022	2023	2024	2025	LT
Silver (US\$/oz)	\$24.50	\$24.00	\$23.10	\$22.00	\$22.00
Lead (US\$/lb)	\$0.95	\$0.90	\$1.00	\$1.00	\$1.00
Zinc (US\$/lb)	\$1.25	\$1.20	\$1.15	\$1.15	\$1.15

Source: Echelon Capital Markets

Appendix 1: Capital Structure, Ownership

Exhibit 12 – Share Structure, as at December 1, 2021

Security	Shares (M) / % of Fully Diluted
Shares Outstanding	122.0 / 91.2%
Options	9.1 / 6.8%
Warrants	1.8 / 1.8%
RSU	0.9 / 0.7%
Total Fully Diluted	133.7 / 100%

Source: Company Reports, Echelon Capital Markets estimates

Exhibit 13 – Top Institutional Ownership

Top Institutional Investors	% of Outstanding Shares
Earth Resource Investors AG	5.04%
U.S. Global Investors Inc.	4.41%
Other	2.55%
Total Institutions	12.0%

Source: Company Reports

Exhibit 14 – Ownership

Group	% of Outstanding Shares
Institutional	12.0%
Retail/Other	52.0%
Insiders:	30.0%

Source: Company Reports, FactSet, Echelon Capital Markets estimates

Appendix 2: Management & Directors

Exhibit 15 – Management

José Garcia CEO & Director	Mr. Garcia is a Mining Engineer with 17 years of experience across Peru, Chile, Australia, Spain and Switzerland, having worked for Anglo American, Inmet Mining and BHP among others. He is a World Economic Forum's Global Leadership Fellow. Mr. Garcia was a co-founder of MMTP, Latitude Silver's predecessor company.
Sebastian Wahl VP Corporate Development & Director	Mr. Wahl is co-founder of MMTP, Latitude Silver's predecessor company, and instrumental in the acquisition of Nueva Recuperada. Mr. Wahl brings a decade of experience in investments, mining, and commodity trading.
Matthew Roma CFO	Mr. Roma is a CPA with over 10 years of accountancy experience. He is a former Director of Finance for Core Gold Inc. Mr. Roma currently also sits on the board of Candelaria Mining Corp.
Freddy Mayor Country Manager	Mr. Mayor is a Mining Engineer with 40 years of experience in Latin American mines management, with a focus on underground precious metals. Formerly, he was VP of Operations of Glencore in Bolivia, Operations Manager and Peru GM for Hochschild, and Operations Manager for Volcan and SIMSA.
Donald McIver Sr. Advisor Exploration & Resources	Mr. McIver brings +30 years of international experience in the metals and minerals mining and exploration industry including operations experience specializing in the evaluation and development of mining resources. Most recently, Mr. McIver worked at Barrick Gold as Mineral Resource Manager.

Source: Company Reports

Exhibit 16 – Directors & Board Advisors

Luis Zapata Chairman	Mr. Zapata is a resources finance executive with 15 years of experience financing Latin American mining projects. He launched Canaccord Genuity's Latin America Institutional Equities business unit in 2010. Mr. Zapata is a former Partner & Head of Capital Markets at Peru's largest independent brokerage firm.
Darryl Cardey Director	Mr. Cardey is a Principal of CDM Capital Partners, a boutique natural resources investment banking advisory firm. He was a co-founder of Northern Empire Resources (acquired by Coeur Mining Inc in 2018) and Underworld Resources (acquired by Kinross Gold in 2009), and Director and Founder of Otterburn Resources Inc. (predecessor company to K92 Mining Inc.).
Mike Hoffman Director	Mr. Hoffman is a Mining Engineer with 35+ years of experience in the mining industry. He was a Director of Trevali from 2011 to 2019 (and Chairman from 2017 to 2019), a former President and CEO of Crocodile Gold and Kria Resources, and former VP Projects for Yamana and Goldcorp.
Nick Rowley Director	Mr. Rowley is currently a Non-Executive Director of Titan Minerals. He was a Director of Corporate Development of Galaxy Resources, and founder and Non-Executive Director of Cobalt One, which merged with First Cobalt in 2017.
Paul Matysek Advisor	Mr. Matysek is a geochemist and as an investor and director in multiple mining companies, has since 2004 sold five publicly listed exploration and development companies, in aggregate worth over \$2B.

Source: Company Reports

Investment Thesis

Investment Thesis

Our Speculative Buy rating is based on the value we see Silver X creating through the ramp up of expanding production, delivery of positive cash flow, and exploration at Nueva Recuperada. The Company is executing on an initial expansion to 720tpd (from 600tpd) by 2021-end, and plans a further expansion to 2,500tpd. We see the potential for ongoing exploration to eventually double existing resources at Nueva Recuperada. An updated resource estimate and PEA in H122 could provide a meaningful reduction in the risk attributed to the Company, and a re-rate in the share price. We view Nueva Recuperada as a company builder.

Valuation

Our C\$1.00/shr (rounded) price target is based on a 65%/35% weighted NAV and EV/EBITDA valuation.

Investment Risks

Silver X is an emerging producer with some execution risk related to the initial ramp up of production to 720tpd by 2021-end and delivery of positive cash flow in Q122. The Company has a \$4.0M debenture convertible at \$0.47/shr maturing in June 2022, which may overhang the shares pending ramp up of production, delivery of positive cash flow, and a re-rate in the share price. An unexpected delay in the production ramp up could affect the Company's ability to repay the debenture, if not converted, without requiring a reduction certain discretionary expenditures such as exploration, possibly reducing its near-term re-rating potential.

These risks are in addition to the typical risks associated with mining and mineral related investments, including but not limited to, operating, financial, political/sovereign, labour, and commodity price risks.

Valuation Summary

12-Months Forward	Disc. Rate	US\$(M)	US\$/Shr	C\$/Shr
Op. Assets / Investments				
Nueva Recuperada	5.0%	\$143.4	\$1.01	\$1.35
Coriorcco/Las Antas/Julian		\$25.0	\$0.18	\$0.23
Asset Sub-total		\$168.4	\$1.18	\$1.58
Corporate				
Working Capital		\$0.1	\$0.00	\$0.00
Long-term Debt/Leases*		-\$14.5	-\$0.10	-\$0.14
Other LT Liabilities		\$0.0	\$0.00	\$0.00
Dilutive ITM Proceeds		\$0.0	\$0.00	\$0.00
Corporate Sub-total		-\$14.4	-\$0.10	-\$0.13
Total NAV		\$154.0	\$1.08	\$1.45
Target Multiple			0.8x	
Adjusted NAV			\$0.87	\$1.16
<i>*Includes assumed financing for Nueva Recuperada expansion in 2024.</i>				
EV/EBITDA				
EBITDA NTM (US\$M)				\$8.1
EV/EBITDA Target Multiple				8.0x
Enterprise Value (US\$M)				\$64
Plus: Cash (US\$M)				\$10
Less: Debt (US\$M)				\$1
Less: Minority Interest (US\$M)				\$0
Equals: Equity Value (US\$)				\$73
Equity Value Per Share (US\$)				\$0.51
Equity Value Per share (C\$)				\$0.68

Source: Echelon Capital Markets

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ANALYST CERTIFICATION

Company: Silver X Mining Corp. | AGXTSXV

I, Gabriel Gonzalez, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that I have not, am not, and will not receive, directly or indirectly, compensation in exchange for expressing the specific recommendations or views in this report.

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Is this an issuer related or industry related publication?	Issuer
Does the Analyst or any member of the Analyst's household have a financial interest in the securities of the subject issuer? If Yes: 1) Is it a long or short position? None; and, 2) What type of security is it? None	No
The name of any partner, director, officer, employee or agent of the Dealer Member who is an officer, director or employee of the issuer, or who serves in any advisory capacity to the issuer.	No
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Has the Analyst had an onsite visit with the Issuer within the last 12 months? Nueva Recuperada Project. Peru. October 28-30, 2021.	Yes
Has the Analyst or any Partner, Director or Officer been compensated for travel expenses incurred as a result of an onsite visit with the Issuer within the last 12 months?	No
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Buy	The security represents attractive relative value and is expected to appreciate significantly from the current price over the next 12 month time horizon.
Speculative Buy	The security is considered a BUY but in the analyst's opinion possesses certain operational and/or financial risks that are higher than average.
Hold	The security represents fair value and no material appreciation is expected over the next 12-18 month time horizon.
Sell	The security represents poor value and is expected to depreciate over the next 12 month time horizon.
Under Review	While not a rating, this designates the existing rating and/or forecasts are subject to specific review usually due to a material event or share price move.
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Recommendation Hierarchy	Buy	Speculative Buy	Hold	Sell	Under Review	Restricted	Tender
Number of recommendations	30	37	1	0	3	1	0
% of Total (excluding Restricted)	42%	52%	1%	0%	4%		
Number of investment banking relationships	18	32	0	0	0	1	0
% of Total (excluding Restricted)	36%	64%	0%	0%	0%		

PRICE CHART, RATING & PRICE TARGET HISTORY


Date	Target (C\$)	Rating
9 Dec 2021	1.00	Spec Buy

Data sourced from: FactSet. Prices shown from start of trading following the Oro X & Latitude Silver business combination.

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