



PAN AMERICAN
— SILVER —



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Pan American Pans for Expansion Opportunities

Price \$24.52

Recent Add

August 18, 2021

- Growing production and growing demand for silver. PAAS owns and operates most of its mines.
- Several brown and greenfield expansion opportunities amount to nearly 1 billion potential ounces in silver reserves.
- Silver is a critical metal for the carbon-neutral economy, being a key component in solar panels and computer components.
- Excellent environmental, social, and governance record.

Investment Thesis

Pan American Silver (PAAS) is the largest silver mining firm in the world, with a diverse group of 9 mines across the Americas, amounting to 529 million ounces of silver and 4.2 million ounces of gold. In addition to the 9 currently operational mines, there are several potential mines with nearly a billion ounces of silver in reserves.

For this reason, we believe that PAAS a good choice for growth and capital appreciation.

Project Pipeline and Active Mines

Silver has the highest electrical and thermal conductivity of all metals, which makes it a critical component to the transition to a low carbon economy.

Currently, the global supply of silver is about 10% toward solar panels, 30% toward electronic applications. Additionally, silver has antibacterial properties, which makes it ideal for medicine.

La Colorada is 100% owned and operated by PAAS and was expanded in 2017 to increase the longevity of the mine. It primarily produces silver and zinc.

The Dolores mine in Mexico is expected to reach a higher gold-output zone during 2021. In Q1 2021, Dolores was reclassified from a silver mine to a gold mine to recognize gold's importance.

The Huaron mine in Peru is primarily a silver mine, but the increased mechanization of mining has allowed PAAS to increase efficiency and reduce



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costs allowing for more byproduct metals such as lead, zinc, and copper to be profitably extracted.

The Shahuindo mine in Peru is a gold mine with significant growth potential, having opened in 2016. It is believed to carry 2.3 million ounces of gold and 45 million ounces of silver within its reserves.

Full Mine Production Q2 2021					
Mine Name	Location	Silver Production (thousands of Oz)	Gold Production (thousands of Oz)	Increase of sector production (decrease) since Q2 2020	All in Sustained Costs (AISC) \$/Oz
La Colorada	Mexico	1,099	.7	37%	\$12.42
Huaron	Peru	903	.3	327%	\$5.11
Morococha	Peru	568	.3	New	\$16.42
San Vicente	Bolivia	601	.1	127%	\$17.54
Manantial Espejo	Argentina	635	8.1	26% silver, 133% gold	\$24.45
Dolores	Mexico	612	43.3	145%	\$719
Shahuindo	Peru	54	30.3	13%	\$975
La Arena	Peru	9	23.7	74%	\$1,147
Timmins	Canada	4	35.6	4%	\$1,621

Silver background means the mine is primarily focused for silver production. Gold background means the mine is primarily focused for gold production.

PAAS also is engaging in several expansion projects. The three major ones include the La Colorada Skarn Project, which is near the existing La Colorada mine and is believed to contain an additional 141 million ounces of silver, as well as many other metals.

The Timmins mine in Canada recently entered into commercial operation and is believed to hold just over 1 million ounces of gold.

The Joaquin and COSE mines are a satellite expansion to the Manantial Espejo mine in Argentina. The Joaquin mine is believed to contain nearly 7 million additional ounces of silver. The COSE mine is believed to contain 2.2 million ounces of silver and 42,000 ounces of gold.



In Argentina, the Navidad project is currently under early development and exploration. Navidad is one of the world's largest undeveloped silver deposits and one of the most difficult to develop, given the intense environmental protections in the area. The area that PAAS owns, should it be able to develop it, holds an estimated 632 million ounces of silver.

La Bolsa is in the early stages of development after an exploratory survey revealed ~300,000 ounces of gold and 4.5 million ounces of silver.

Escobal in Guatemala is one of the premiere opportunities for PAAS, already investing \$500 million into the development of the mine. It is believed to hold 264 million ounces of silver and could enter operations as soon as this year, should PAAS be able to gain court approval.

Environmental Social Governance (ESG)

PAAS is committed to expanding and operating sustainability. Caring for the environment and contributing to the local communities in the long term are top priorities for PAAS. It has 27 years of responsible operations in Latin America, with 99% of employees being local to the mine area, along with hiring a human rights officer to the board to ensure best practices are followed.

PAAS has no history of any significant environmental incidents at any of their mines and undergoes frequent independent inspections of facilities that could pose a threat should they fail, such as slurry dams.

Multiple site-specific projects have been undertaken to reduce energy and water use.

Risk

While PAAS does maintain a high level of transparency and has an impeccable environmental record, disasters can befall any firm. Mining is a dangerous business, and any environmental disaster or mine incident could harm the reputation PAAS has with its clients and with the local communities it operates in.

While gold, silver, and other metals are critical in applications from computer chips to pots and pans, they can experience price volatility. If the price goes too low, some of PAAS's mines will become unprofitable.

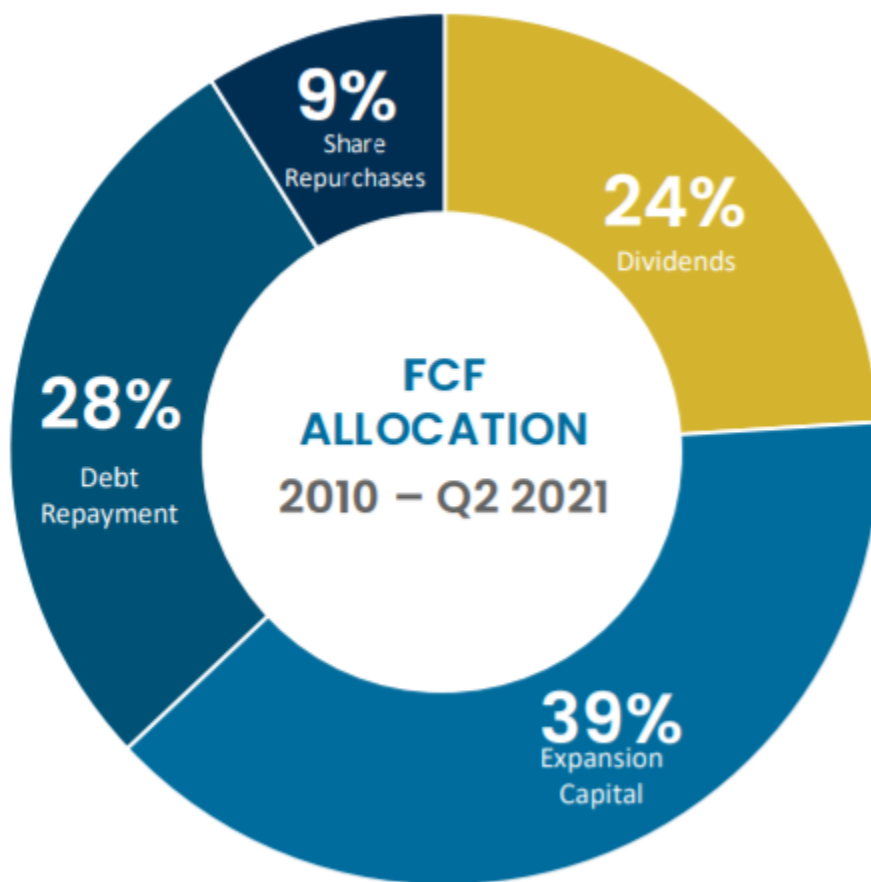


Metrics

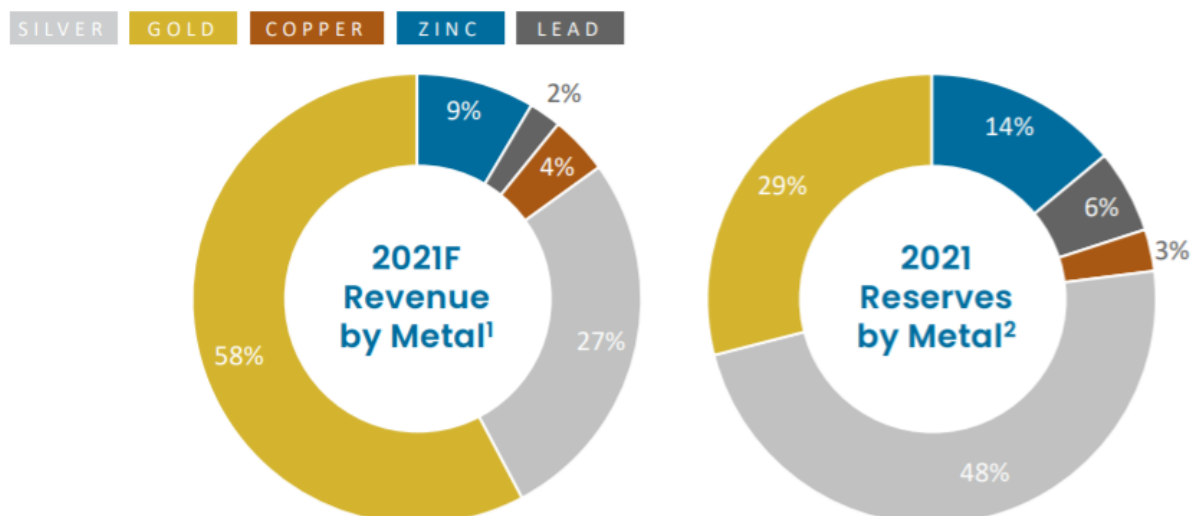
PAAS has seen significant recovery from COVID 19, seeing 53% revenue increases in Q2 2021 year over year. Many mines saw significant recovery from the COVID-19 related production slowdowns, even exceeding guidance.

Cash flow reduces debt and increases financial strength. Secondly, investing in projects with high returns. Finally, excess cash is being prudently paid to shareholders through dividends. Currently, PAAS has a total debt of only ~\$48 million, which is almost wholly tied to equipment and construction leases.

Since 2010, PAAS has generated \$1.6 billion in free cash flow defined as net of maintenance CapEx (capital expenditures), returning \$529 million to shareholders, and investing \$611 million in expansion CapEx.



2021 Investor Deck

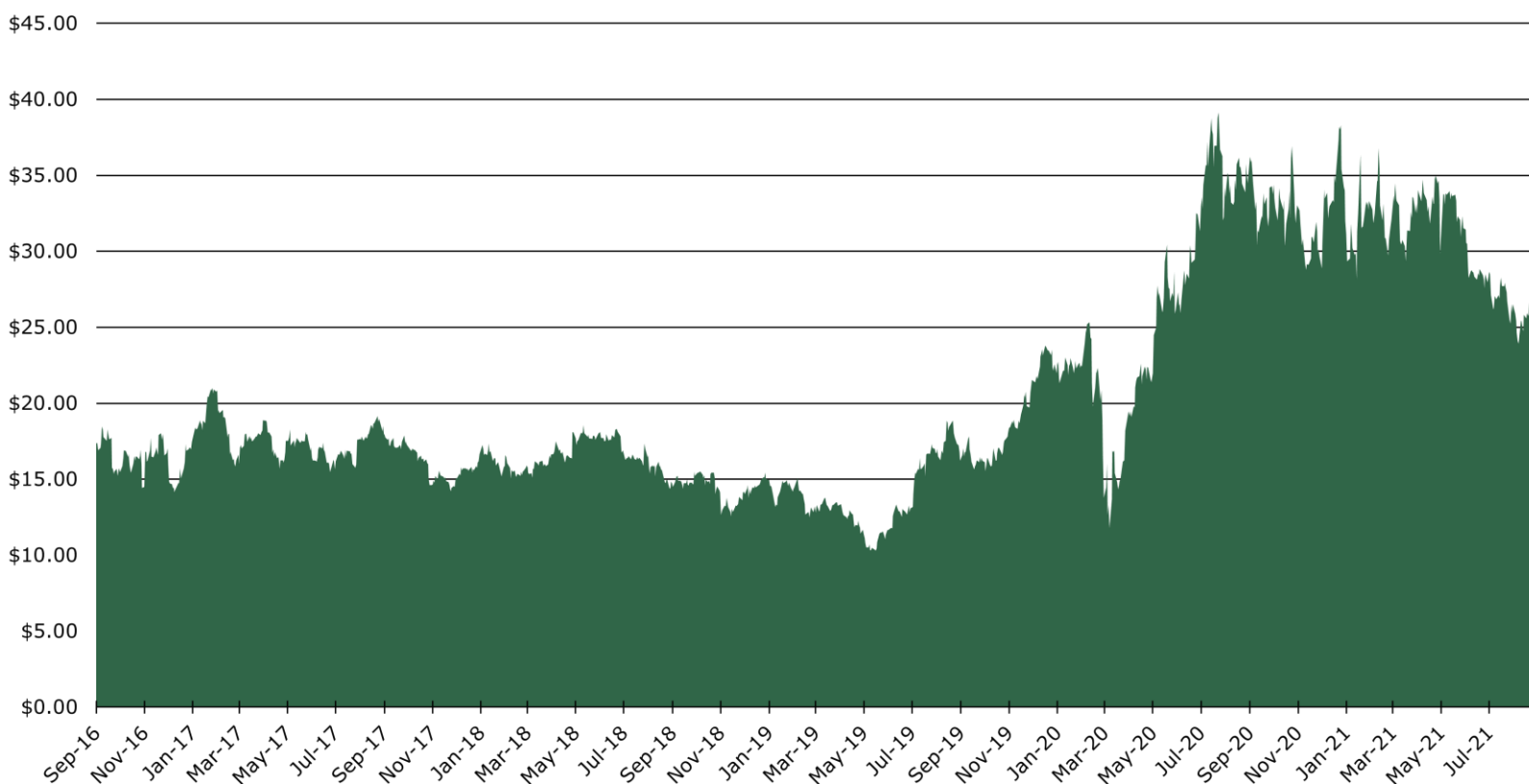


2021 Investor Deck

Pan American Silver (PAAS)	E2021	E2022	E2023
Price-to-Sales	3.1	2.5	2.5
Price-to-Earnings	20.8	11.5	10.4
EV/EBITDA	7.2	4.9	4.9

Estimated Next 12 Months	Dividend Yield	Price-to-Sales	Price-to-Earnings
Pan American Silver (PAAS)	1.5%	2.7	13.67
Newmont (NEM)	3.7%	3.6	16.6
Gold Fields (GFI)	3.0%	2.0	8.9
Barrick Gold (GOLD)	2.8%	3.0	15.89
SSR Mining (SSRM)	1.3%	2.52	9.1
First Majestic Silver (FR)	0.1%	4.27	26.2
Wheaton Precious Metals (WPM)	1.4%	14.17	28.8

Pan American Silver (PAAS)



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