

Q2 2024 Junior Silver Miners Update

Per a recent 5-year outlook from Metals Focus, silver should act as a hedge against a downturn in the US economy, which would prompt the Fed to cut rates faster and increase demand for all precious metals. It may also act as a hedge against a scenario where inflation rebounds and the Fed is reluctant to hike again. A persistent structural silver deficit is projected through 2028 which should be supportive of prices. This is a result of:

- Increasing industrial demand for silver due to photovoltaic installation growth (solar panels), growth in EVs, expansion of 5G networks, plus a rebound in demand for EO catalysts, consumer electronics, and construction (assuming macroeconomic strength continues in US)
- Current prices not high enough to justify R&D cost to remove/recycle silver that is already in use, or justify a ton of new exploration by miners
- Forecasts for silver mine production have been lowered due to certain mine closures, delays in new projects, and limited gains to production

Excerpts from Metals Focus' most recent Precious Metals Monthly commentary:

"After hitting an 11-year high over \$32 on 20th May, the rally in silver prices that started at the start of March eventually ran out of steam. The white metal retreated below \$30 in early June before consolidating within a \$28.50-\$30 band for the rest of the month. Early July has seen silver regain some lost ground, bouncing back near \$31 as we write.

In keeping with May, silver prices largely took their cue from gold in June. As gold prices eased off from all-time highs, profit taking also emerged in the silver market. The pull-back in base metal prices in June too weighed on silver prices.

Given silver's high beta, it was unsurprising to see silver's underperform relative to gold. From a two-year low of 73 at end-May, the gold:silver ratio jumped to a one-month high of just above 80 by late May before narrowing towards 76 as we write in early July.

Interestingly, after prices eventually broke above the psychologically important \$30 level, profit taking has been relatively restrained, especially among tactical investors. In the CME futures, despite a 20% drop from their recent high in April, net managed money longs by late June stayed still sizeable at 161.7Moz. Meanwhile, silver ETP holdings in fact edged slightly higher in June, thanks to decent inflows into US listed products.

In the West, gross sales of silver bars and coins to retail investors stayed weak in June. In the US, this should be viewed in the context of a high base in 2023 when investment benefited from the regional banking crisis. In Europe, this reflected ongoing headwinds (such as high interest rates, market saturation and cost of living issues) that have weighed on precious metals investment since 2023. Selling back also picked up as silver's rally over \$30 prompted profit taking, further reducing demand for newly manufactured products.

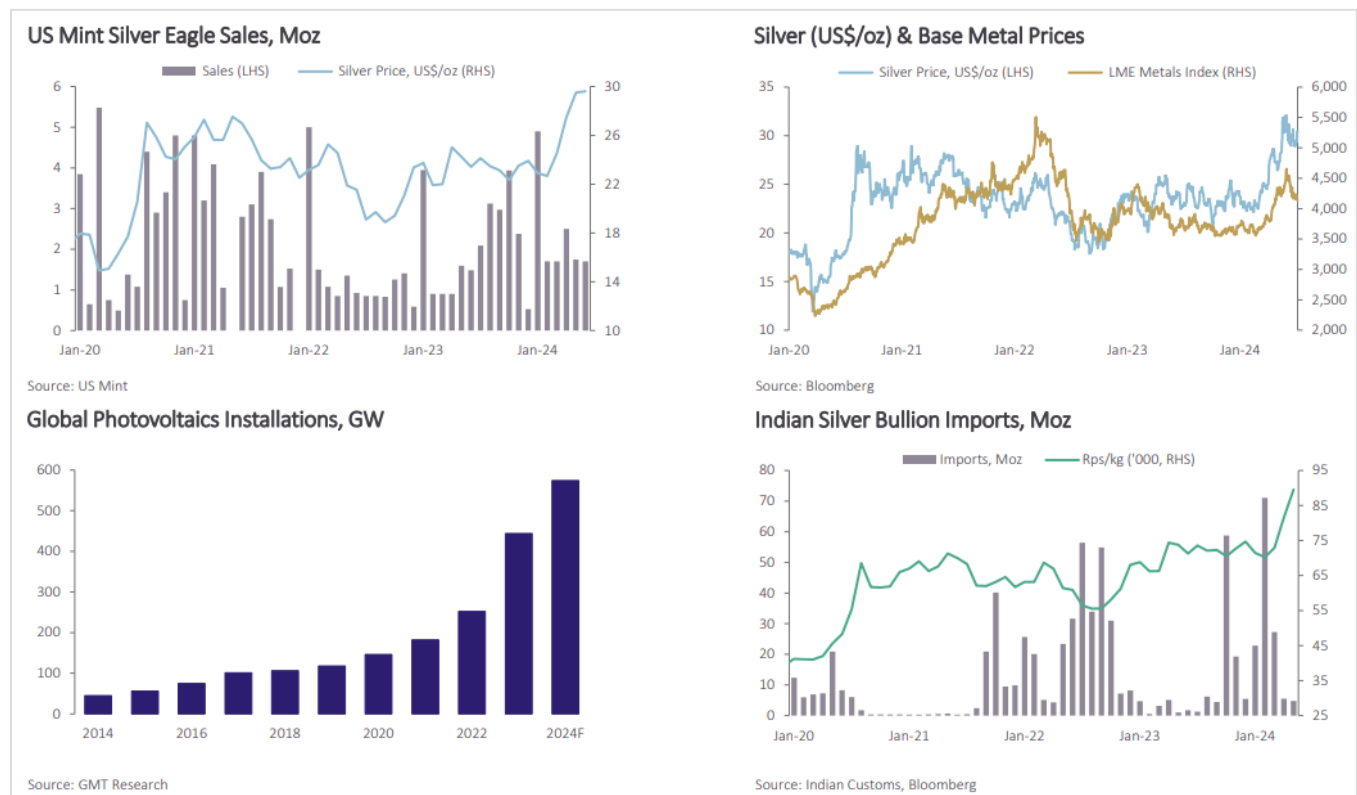
Western countries also saw a marked pick-up in silver scrap in response to the price rise, with the additional supply mostly comprising old silverware plus some old circulating and commemorative coins.

In India, following a price pullback, the local discount narrowed to an average of \$0.9/oz in June, compared to \$1.3/oz in May. That said, with silver prices still hovering near all-time highs around Rs90,000/kg, demand remained soft during June. After a slow H1.24, silver demand is forecast to start picking up in August when India's festival season begins.

Turning to industrial offtake, demand from the photovoltaic sector in June slightly decreased m/m as manufacturers were actively seeking strategies to mitigate the impact of elevated inventories. In addition to de-stocking ahead of a seasonally weak summer period, some accelerated the optimisation of product portfolios, including shutting down outdated production lines and transitioning to N-type solar cells which offer better profitability. The trend of reduced or suspended production is likely to persist in the short term.

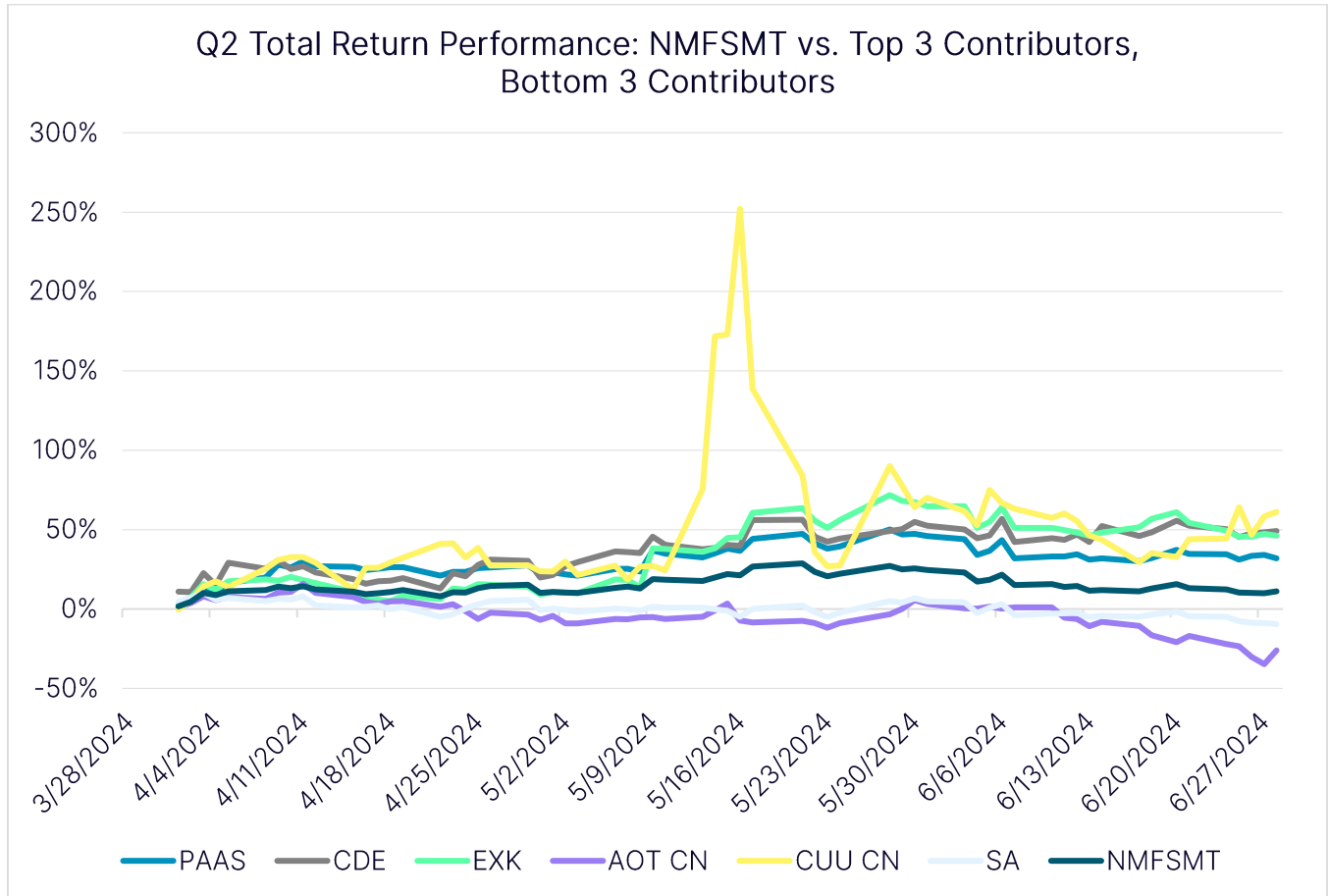
On the supply side, Aya Gold & Silver recently announced the Zgounder mine expansion as 95% complete. Commissioning activities have commenced at the new 2,000 tonnes per day mill and the schedule is on track for mill ore feed in early Q3.24. Following the expansion, the mine is forecast to produce an average of 7.0 Moz of silver per year."

Metals Focus Silver Market Chart Pack



Nasdaq Junior Silver Miners™ Index (NMFSM™) Q2 Performance

- In Q2, the Nasdaq Junior Silver Miners Total Return™ Index (NMFSMT™) was up 11.06%. This extended the 6.35% gain the index experienced in Q1.
- Year-to-date through June 28, 2024, NMFSMT is up 18.11% on a total return basis, vs. a gain of 15.29% for the S&P 500 and 22.47% for Silver Spot prices.



Top 3 Contributors to NMFSM Index Performance in Q2 2024

Company	Symbol	NMFSM Contribution Percentage	Average NMFSM (%) Weight	Q2 Total Returns (3/28/24-06/28/24)	Year-to-Date Total Returns
Pan American Silver Corp	PAAS	3.15%	5.63%	32.42%	23.23%
Coeur Mining Inc	CDE	1.26%	3.10%	49.07%	72.39%
Endeavour Silver Corp	EXK	1.19%	3.11%	46.06%	78.68%

Top 3 Contributor Q1 2024 Reported Earnings Insights

Pan American Silver Corp (PAAS)¹

- Earned \$601.4 million USD in total revenue and generated cash flow from operating activities of \$133.2 million USD.
- Silver production of 5.01 million ounces and gold production of 222.9 thousand ounces were in line with management's expectations for Q1 2024.
- Adjusted earnings of \$4.7 million, or \$0.01 adjusted earnings per share.
- Pan American invested over \$30.1 million in project capital across mines including La Colorada, Huaron, Jacobina, and Timmins.

Coeur Mining Inc (CDE)²

- Generated revenue of \$213 million USD and adjusted EBITDA of \$44 million USD. Revenue increased 14% year-over-year while adjusted EBITDA increased 76% compared to the first quarter of 2023, raising adjusted LTM EBITDA by 32% to \$162 million through the end of the period compared to a year ago.
- Coeur Mining continued its multi-year underground mine development and exploration program, investing approximately \$14 million during the quarter. Coeur has now completed roughly 71% of total underground mine development and drilling since inception of the program in 2022.
- Gold and silver sales represented 71% and 29% of quarterly revenue, respectively, compared to 72% and 28% in the prior period. The Company's U.S. operations accounted for approximately 55% of first quarter revenue compared to 65% in the fourth quarter of 2023.

Endeavour Silver Corp (EXK)³

- Q1 2024 revenue of \$63.7 million USD from the sale of 1.76 million ounces of silver and 10,880 ounces of gold at average realized prices of \$23.47 per oz silver and \$2,114 per oz gold.
- \$10.2 million USD in operating cash flow before working capital changes, a decrease of 18% from Q1 2023.
- Overall project progress at Terronera Mine reached 53%. The project remains on track for commissioning in Q4 2024.

¹ <https://panamericansilver.com/news/pan-american-silver-reports-first-quarter-2024-results/>

² <https://www.coeur.com/investors/news/news-details/2024/Coeur-Reports-First-Quarter-2024-Results/default.aspx>

³ https://edrsilver.com/site/assets/files/13621/q1_2024_financial_results_nr_-_final.pdf

Bottom 3 Contributors to NMFSM Index Performance in Q2 2024

Company	Symbol	NMFSM Contribution Percentage	Average NMFSM (%) Weight	Q2 Total Returns (3/28/24-06/28/24)	Year-to-Date Total Returns
Ascot Resources Ltd	AOT CN	-0.56%	1.79%	-26.11%	14.29%
Copper Fox Metals Inc.	CUU CN	-0.42%	0.43%	-31.36%	32.56%
Seabridge Gold Inc.	SA	-0.41%	4.38%	-9.46%	12.86%

Sources: Nasdaq Global Indexes, Bloomberg, FactSet

The Nasdaq Junior Silver Miners™ Index (NMFSM™) is tracked by the Amplify Junior Silver Miners ETF (SILJ).

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