

HALLGARTEN + COMPANY

Initiation of Coverage

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AbraSilver Resource Corp.

(TSX-v: ABRA, OTCQX: ABBRF)

Strategy: LONG

Key Metrics

Price (CAD)	\$0.35
12-Month Target Price (CAD)	\$0.84
Upside to Target	143%
12mth high-low	\$0.25 to \$0.455
Market Cap CAD mn)	\$194.24
Shares Outstanding (mns)	563.0
Fully diluted	609.0

AbraSilver

Precious Metals in a Sea of Lithium

- + Diablillos is the major precious metals project in northern Argentina at this time
- + The project consists of a standard cyanide-leach process to mine near-surface oxides.
- + The Diablillos project has potential beyond its current silver/gold mix with the tenements including significant copper potential and parts of two renowned *salares*
- + There is no doubt that the team see themselves as mine-builders rather than waiting around for suitors
- + Silver, in our perception, is a more attractive proposition than gold with silver clawing back its role as a major industrial metal through high-tech uses
- + La Coipita, the company's copper project (neighbouring McEwen Copper's Los Azules) offers several options for monetization
- + Embedded in the Diablillos project, but low-profile, are several Lithium exposures in highly desirable addresses (e.g. *salares* de Hombre Muerto & Diablillos)
- ✗ The presence of so many Lithium projects in the region sets up a pretty ferocious battle for labour for the eventual plethora of mines in the *altiplano*
- ✗ The project is located at high elevation, but is not expected to add substantially to capex when building begins
- ✗ The environment for funding sizeable precious metals projects is not as strong as it was in 2020-21 but remains, as ever, subject to the whims of the marketplace

A Storied Zone for Mining

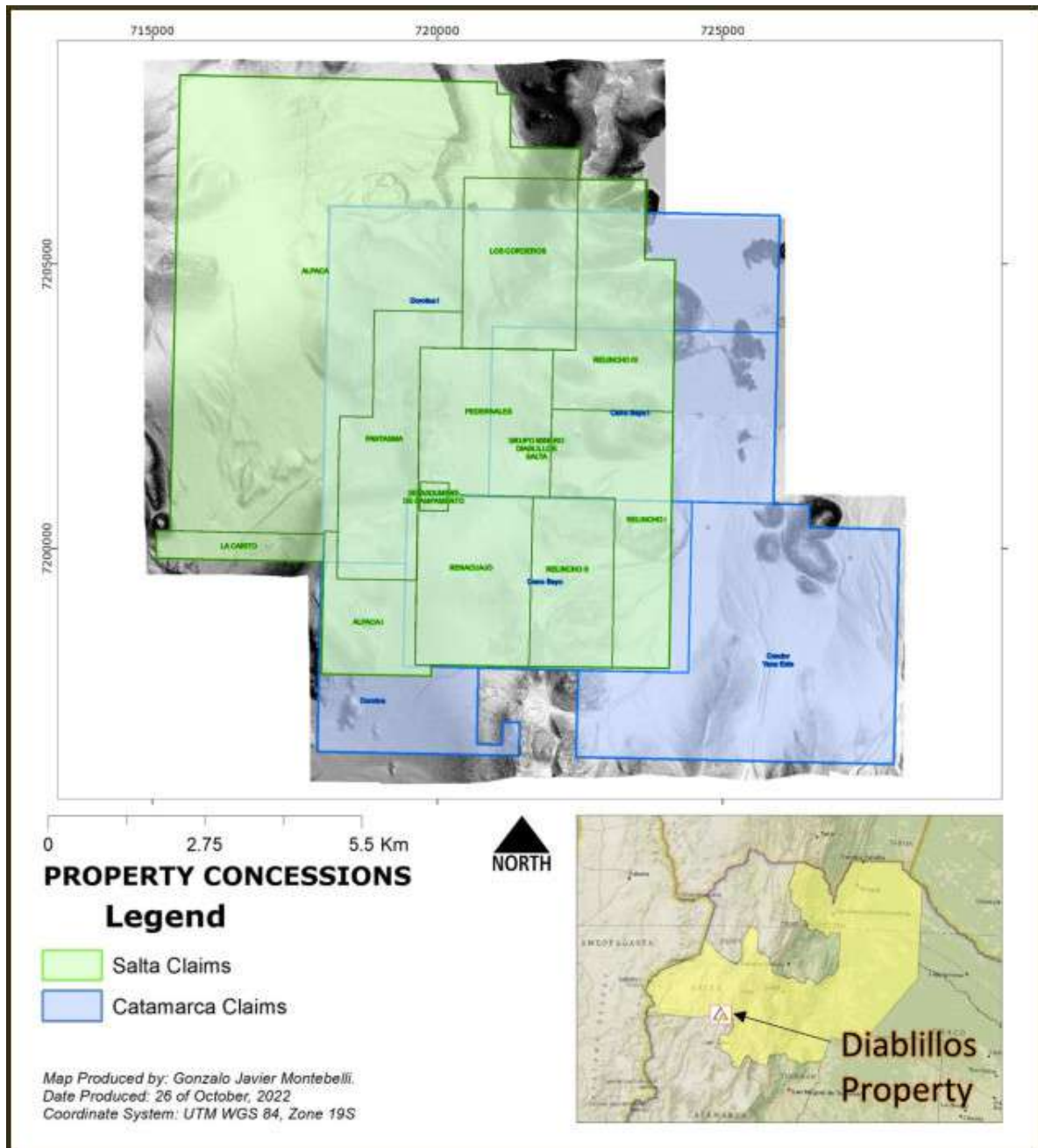
AbraSilver Resource Corp is the most diversified mineral developer in Argentina at the current time, with exposure to precious metals, copper and even Lithium, while its two epicentres of activity are in the booming mining-friendly provinces of Salta and San Juan. Despite these multifarious exposures the company is highly focused at this point on its precious metal target at Diablillos on the *altiplano* in the northern province of Salta.

Salta may be synonymous with Lithium these days, but for hundreds of years it was essentially seen as silver/gold territory and as a copper producer, back through colonial times (i.e. pre-1810). It was also a uranium producer until recent decades and borates have been an on-going output from the *altiplano*.

The Diablillos project was identified many decades before Lithium was even a twinkle in investors' eyes and certainly before EVs were even imagined. The project is now advancing rapidly towards a Pre-Feasibility Study, while still offering significant exploration upside potential with multiple prospective new zones recently identified by the company.

In this Initiation we shall review developments so far, next likely steps, the symbiotic relationship with

near-neighbours in the Lithium space and the attractions of Abra's copper target in San Juan province.



Diablillos

As noted, the principal project of AbraSilver is the silver/gold-focused Diablillos project in Salta province which we visited in July of 2023.

A loose translation of this project's name is "dust devil". The property encompasses an area of 7,919 ha

(79 km²) and is comprised of 15 contiguous and overlapping mineral leases. It is located along the border between the provinces of Salta and Catamarca.

The property is located in Argentina's Puna region, which is the southern extension of the Altiplano of southern Peru, Bolivia, and northern Chile. This is a high plateau, separating the Cordillera Oriental to the east from the Andean Cordillera (Cordillera Occidental) to the west. The main part of the deposit is called Oculito (meaning "hidden") but it neither eluded its original discoverers from *Fabricaciones Militares* nor the team of AbraSilver.

Beyond the precious metal component, the concessions also cover highly prospective porphyry occurrences (Salta province is host to the large-scale Taca Taca project of First Quantum) while the concessions also abut and cover the Lithium *salar*s, Salar de Hombre Muerto and the Salar de Diablillos.

Salta – The Boom on the Altiplano

For most of the period since Independence, the colonial era city of Salta was a relative backwater. As Argentina's beef and grain businesses boomed it was left becalmed as a zone of small-scale agriculture and largely artisanal mining efforts (excepting those of the CNEA in uranium extraction between the 1950s and the 1980s).

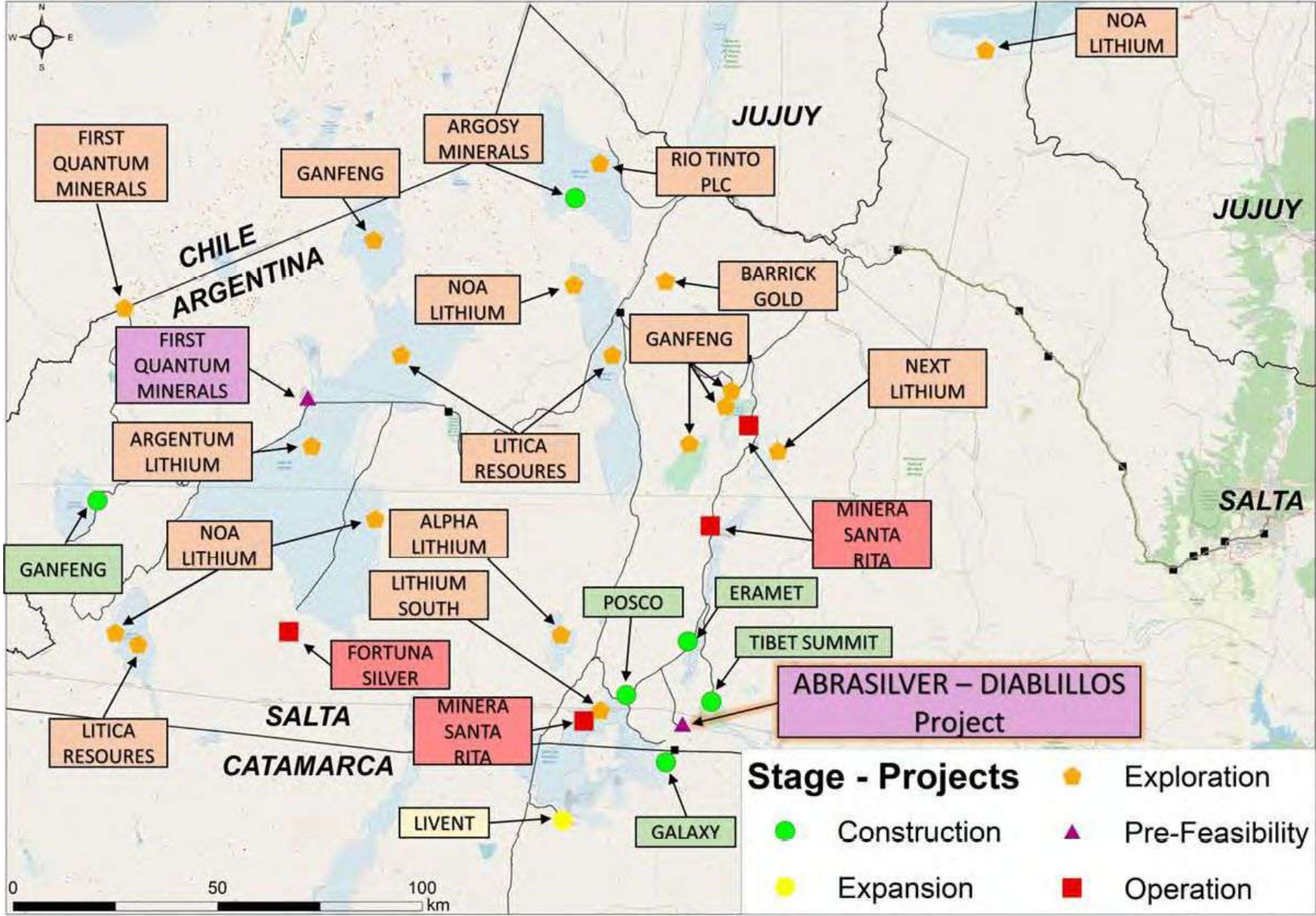
The longest established ongoing mining effort was the low-profile borates business (to be discussed anon) and in recent decades the similarly low-profile and largely unexciting Lithium *salar* activities of FMC Corp (now Livent).

Then oil production began, Salta's wine attractions came to attention and tourism started up in earnest. The city of Salta has taken on the look of a minor league boom town with a surging population and building flourishing. Now the Lithium surge is icing upon this cake with a massive influx of external investment, a rising tide of workers/contractors associated with the industry and a reformation of the demographics that comes with this reorientation to the long-deserted altiplano above 3,000 metres above sea level.

Diablillos Project - History

The history of Diablillos has seen an A-list of players in the global mining & exploration scene pass thru ownership or work on the property over the decades.

The project was initially identified over 50 years ago by the exploration arm of *Direccion General de Fabricaciones Militares* the once-omnipotent industrial arm of the Argentine military. The state entity had been seeking porphyry-style deposits of copper and/or molybdenum. Exploration directed specifically at Diablillos began around 1971, when the Secretaría de Minería de la Nación undertook geological and geochemical reconnaissance work in the area at a scale of 1:50,000. In December of 1971, the property was included in a federal government mineral reserve area for copper-molybdenum porphyry deposits, but this status expired in 1984.



Abra de Mina, an Argentine prospecting partnership, acquired the ground which now constitutes the Diablillos property in the late 1970s, though reports conflict with some claiming Abra de Mina staked it in 1984.

The rights to the adjacent Condor Yacu property were held by Manfredo Arheit, of Buenos Aires.

Shell C.A.R.S.A, a joint venture between Shell and Billiton, explored in the area from 1984 to 1987, and optioned Diablillos in 1985.

The Ophir Partnership Ltd., a U.S. limited partnership, optioned the property in early 1987. Minera Utah International Ltd., a subsidiary of BHP, began preliminary reconnaissance exploration in the area the following year, and by late 1989 had concluded agreements with Ophir and Abra de Mina. The property was held by BHP until September 1991, when the option agreement with Abra de Mina was terminated.

In 1992, Pacific Rim optioned the property from Abra de Mina, and completed the option requirements to acquire 100% of the property in mid-1997. Pacific Rim conducted exploration work until 1996, when a wholly owned subsidiary of Barrick Gold obtained an option on the shares of Pacific Rim Mining Corporation Argentina S.A. Barrick continued exploration and initiated preliminary environmental impact and metallurgical studies.

SSR Mining Inc. (the once mighty Silver Standard) acquired all assets of Pacific Rim Mining Corporation Argentina S.A. in December 2001, for a staged total of US\$3.4mn, paid as a combination of cash and shares.

In April of 2017, AbraSilver announced that it had completed an RTO with Huayra Minerals, the owner of the project. Huayra's rights to the Project had been acquired from SSR Mining in 2016. As a result of the RTO, Huayra is now a wholly owned subsidiary of AbraSilver, and AbraSilver holds indirect ownership of the Project through Huayra.

Royalties

In late July of 2021, SSRM announced that it has sold their royalty portfolio to EMX Royalties. This transaction includes the 1% NSR on Diablillos project as well as the remaining US\$7mn payment which is due in 2025 (or upon commercial production).

Regional Geology

The Cordillera Occidental is a modern volcanic arc formed by the subduction of the Nazca Plate below the continental South American Plate. During the mid-Miocene Quechuan Orogeny, the subduction zone beneath the Puna gradually steepened as the South American plate overrode the Nazca plate. Extensive

late Miocene to Pliocene volcanic activity occurred along the western margin of the Puna Plateau and along northwest-southeast conjugate structures.

Easterly to northwest-southeast directed compression resulted in uplift beginning in the Early Miocene, with rapid uplift commencing in the Middle Miocene. It is estimated that since that time the southern Puna has undergone an elevation change in the order of 2,500 m. Presently, the average elevation in the southern Puna is approximately 4,000 m.a.s.l., with peaks reaching over 5,000 m.a.s.l.

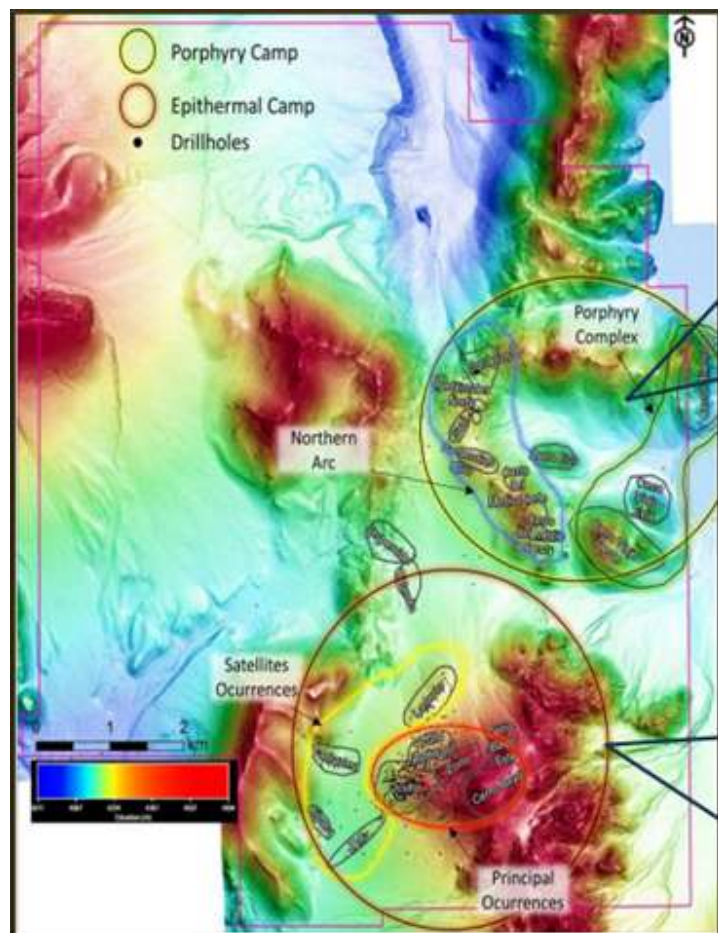
The Diablillos project lies near the eastern margin of the Puna, near the intersection of the north-south trending Diablillos-Cerro Galán fault zone with the north-westerly trending Cerro Ratones lineament. The Diablillos-Cerro Galán fault structure is one of several major north-south shear zones in the Puna that were formed during neoproterozoic and lower paleozoic tectonism, and then reactivated during the Mesozoic and Cenozoic. These zones are reportedly hundreds of kilometres long and several kilometres wide.

Project Geology

The Diablillos property hosts several zones of high-sulphidation epithermal alteration and mineralization with strong supergene overprinting. The main zone of mineralization, the Oculito, is hosted by a subaerial volcanic sequence.

There are currently multiple known mineralized zones on the Diablillos property, with the Oculito zone being the most advanced-stage, and the new high-grade JAC zone (and its surrounding area) being the focus of the most recent drill campaigns.

Diablillos is a high-sulphidation epithermal silver-gold deposit derived from remnant hot springs activity following Tertiary-age local magmatic and volcanic activity with strong supergene overprinting.

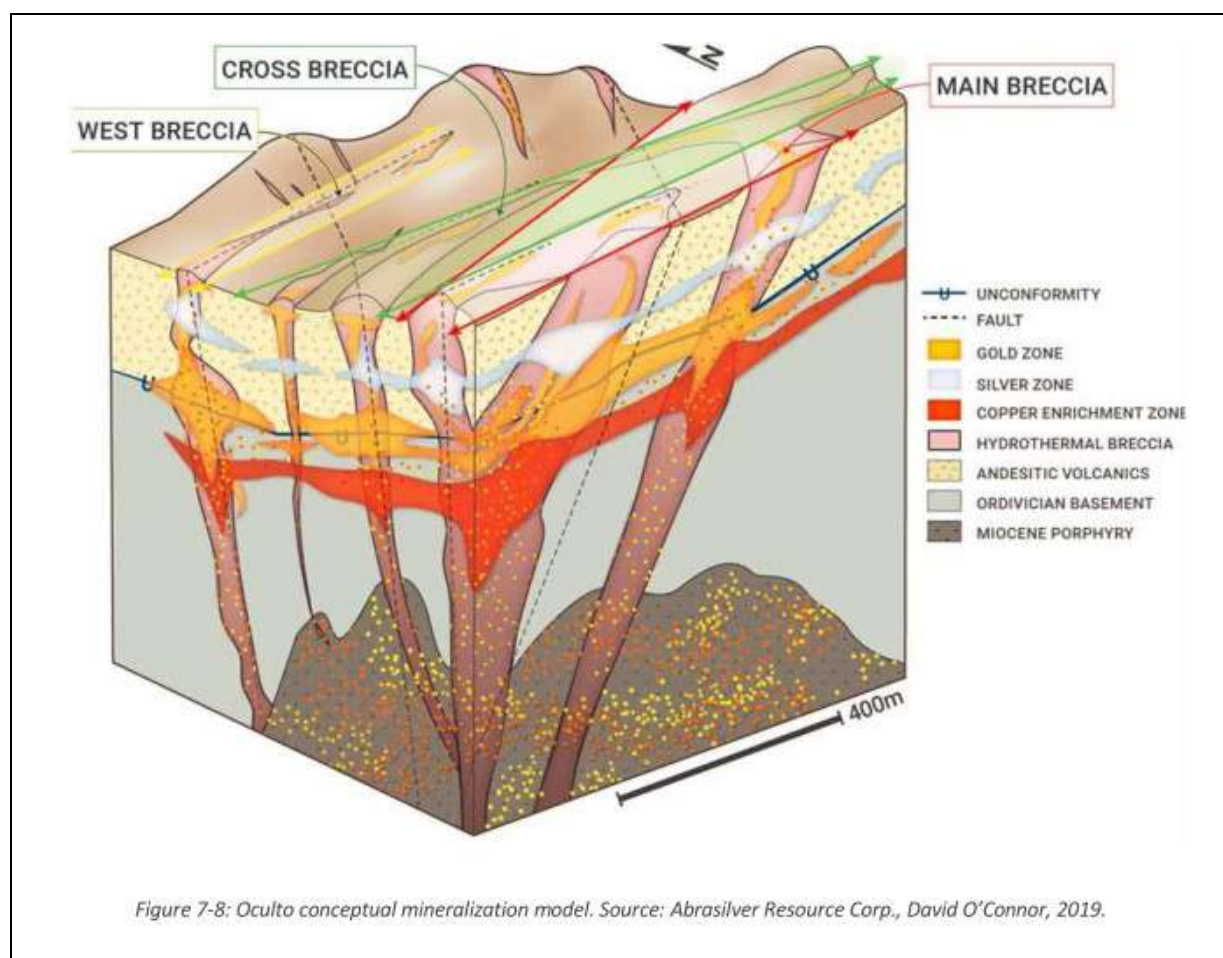


Oculto & Its Geology

The main component of the project is the Oculto (meaning "hidden") target and contains most of the present Mineral Resource.

It is a high-sulphidation epithermal silver-gold deposit derived from remnant hot springs activity following Tertiary-age local magmatic and volcanic activity. It is evidenced at surface by a broad zone of intense acid leaching located on the flank of Cerro Bayo, although the economic mineralization does not outcrop.

Host rocks at surface are hornblende porphyritic andesite which has been intruded by a dacite porphyry body (or bodies) which are hypothesized to be the thermal driver(s) for the mineralization.



The andesites overlie a basement assemblage of phyllites and granitic rocks. At the contact of the andesite with the basement, there is a paleo-surface occupied by unit of widely ranging thickness.

A review of drilling results suggested that a discontinuous conglomerate appears to thicken along a trend corresponding to one of the predominant controlling structures to mineralization and that this zone is coincident with broader lateral extent of the mineralization. One author suggested that the conglomerate filled a paleo-trough related to that structure, which later reactivated and provided a conduit for ore-forming fluids.

The deposit is strongly oxidized down to depths in the order of 300 m to 400 m below surface.

Below can be seen the Oculito target:



Exploration Work

Throughout the Diablillos property, several prospecting and exploration works were developed by the *Secretaría de Minería de la Nación* and Shell C.A.R.S.A, which included geochemical rock sampling work and surface recognition of the geology of the project.

The main exploration efforts were made by Ophir Partnership, BHP, Pacific Rim Mining, Barrick Gold and Silver Standard Resources Inc between 1987 until 2012. This exploration work is summarized in the table

that follows:

Diablillos Project History		
Year	Operator	Description
Pre 1983	Secretaría de Minería de la Nación	1,409 rock chip samples (includes 190 outcrop and 271 slope debris samples from Diablillos Sur)
1984-1987	Shell C.A.R.S.A	Rock geochemical survey; three Winkie drill holes
1987	Ophir Partnership	34 rotary drill holes (approximately 30 m deep) in the Corderos, Pedernales, Laderas, and Jasperoide areas
1988-1991	BHP	Geological mapping (1:1,000 to 1:7,500 scale); 380 rock chip samples; 1,200 m of bulldozer trenches; 56 air RC holes (6,972m)
1991	BHP	"Reserve" estimate (see below)
1992-1993	Pacific Rim Mining Corporation	Five diamond drill holes (1,001.8 m) in the Oculito Zone
1994	Pacific Rim Mining Corporation	148 km of chain and compass grid; geological mapping; 122 line-km of ground magnetic survey; 34 line-km of induced polarization (IP) survey; 213 hand auger samples; 2.5 km of trenching; 250+ rock chip samples; 12 diamond drill holes (2,016 m)
1996-1999	Barrick Gold Corp.	Geological mapping; surface sampling; RC drilling; CSAMT survey; mag survey; environmental impact study; metallurgical test work
1999	Pacific Rim Mining Corporation	Mineral Resource estimate
2001	D. M. Stein (Barrick)	MSc thesis
2001	Pacific Rim Mining Corporation	Mineral Resource estimate (see below)
2003	Pacific Rim Mining Corporation (for Silver Standard)	20 diamond drill holes (3,046 m)
2005	Pacific Rim Mining Corporation (for Silver Standard)	Five diamond drill holes each at Renacuajo and Alpaca, with a total of 10 diamond drill holes with 1,772m
2007	Pacific Rim Mining Corporation (for Silver Standard)	54 diamond drill holes (10,324 m) on Oculito; one hole (203 m) at Laderos; three holes (unknown length) at Pedernales; five holes (unknown length) at Los Corderos; four HQ-size diamond drill holes sampled for metallurgical tests
2008	Pacific Rim Mining Corporation (for Silver Standard)	52 diamond drill holes (7,971 m), three of these for geotechnical studies; additional metallurgical studies
2009	Silver Standard Resources Inc.	Mineral Resource estimate
2011-2012	Silver Standard Resources Inc.	Internal Preliminary Economic Assessment, rock chip sampling, 1,679 m diamond drilling (19 holes)
2017	AbraSilver	28 drillholes and a total of 3,148.5m (Fantasma). Nick Tate visit redefining the geology and mineralization concepts
2018	AbraSilver	Preliminary Economic Assessment (PEA 2018) including Resource estimate
2019	AbraSilver	Phase I Drilling Campaign with 2 diamond drill holes (844 m) (Oculito deposit)
2020 - 2021	AbraSilver	Phase II Drilling campaign of 55 drillholes and a total of 15,143 m expanding Oculito to North, West and East
2021	AbraSilver	Preliminary Economic Assessment (MP PEA 2021) including Resource estimate
2021-2022	AbraSilver	Phase II - Part B - Drilling Campaign of 84 drillholes and a re-logging campaign total of 106 drillholes. Extending West and north breccias. Infill drilling to convert to measured resources

The most recent additional exploration targets at Diablillos are:

The Fantasma Zone

Fantasma is located one kilometre west of Oculito. It is similar in style of mineralization, except for a lack of gold in the system, and there is significant evidence to suggest that it is an extension of the Oculito

deposit. AbraSilver geologists have observed that the westerly-striking fault system at Oculito trends towards Fantasma, where it represents one of the key mineralizing structures for the Fantasma deposit.

In the opinion of the company's technical team there is potential to expand the Fantasma deposit eastwards with additional drilling, and with success, ultimately connecting with Oculito.

Historical drilling at Fantasma (by Abra) outlined a zone of silver mineralization on which a small historical Mineral Resource (below) was estimated. The Mineral Resource area is located approximately one kilometre west-northwest of the Oculito deposit.

In the recent campaign two holes were drilled to test for a mineralized structure potentially connecting Fantasma to the Oculito deposits.

Hole DDH 23-078 intersected 10.0 metres at 53.9 g/t Ag, and hole DDH 23-079 encountered 10.5 metres at 43.2 g/t Ag.

These initial intercepts suggest that silver mineralization continues from Oculito towards the Fantasma zone and additional drilling is warranted.

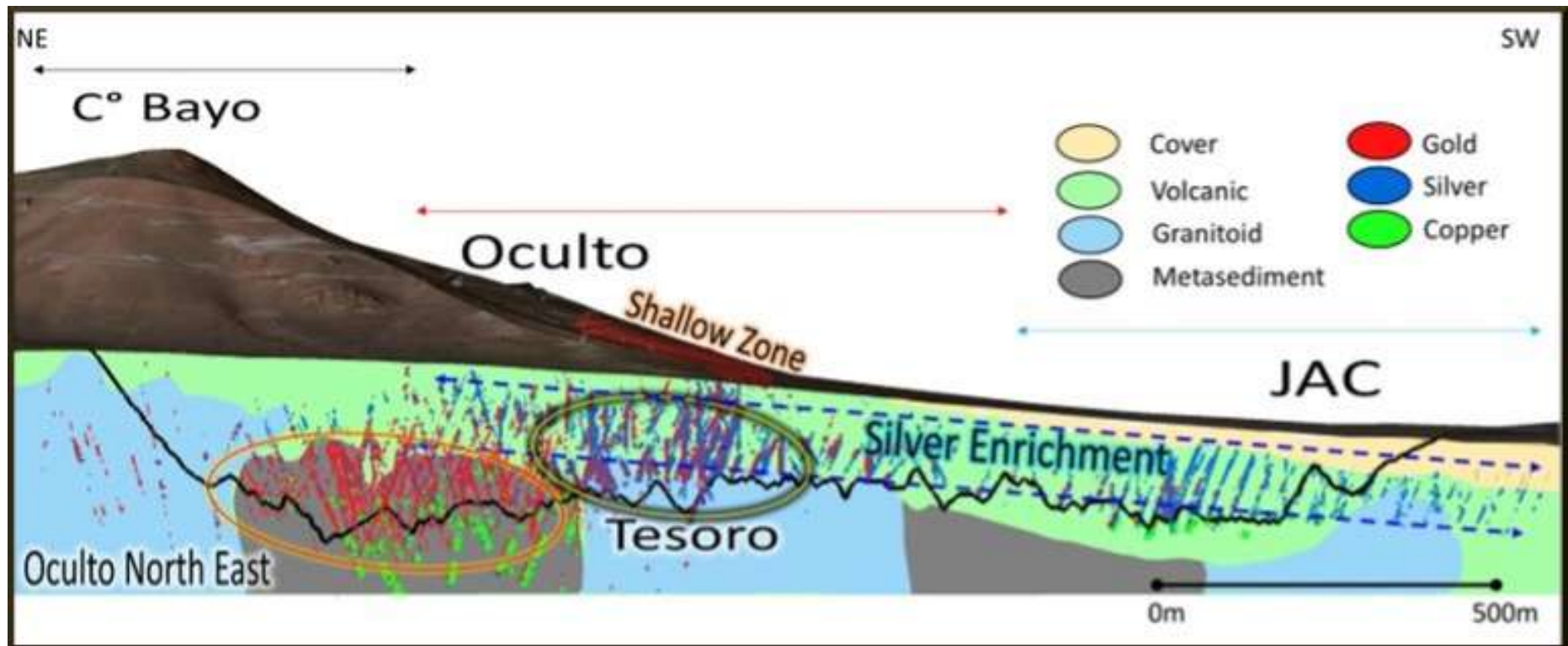
The next phase of drilling will focus on the highest priority targets which include the Alpaca trend, the JAC North trend and the Oculito-Fantasma trend, each of which, in management's opinion, has the potential to add additional high-grade silver mineralization.

The JAC Zone

The JAC deposit is located 500 meters approximately to the southwest of Oculito, with a similar style of mineralization. This target area is named in honour of Jose Antonio Cires, an Ecuadorian geologist long associated with the project who died during the pandemic.

Infill-drilling was underway at JAC during our visit. Here is a view of the rig at work taken from the top of the Oculito target.





Drilling currently and in the recent past at the JAC zone has consistently intersected high-grade silver oxide mineralization, with associated gold in some areas, at shallow depths.

Drilling to date, at the JAC zone, has defined oxide mineralization extending approximately 800 metres along strike, up to 150 metres wide and extending to a depth of 200 metres. The zone continues to remain open along strike towards the southwest and in other directions.

In management's opinion, there is potential to expand the JAC deposit with additional drilling, and with success, ultimately connecting with Oculito, delivering to the project a third option of shallow near-term resource together with Fantasma.

Laderas Zone

The Laderas target lies immediately north of Oculito, along the trend of a prominent east west trending ridge. Geological mapping and review of the Laderas drill results conducted in 2017 indicated that gold and silver mineralization occurs within structurally controlled breccias hosted in Tertiary sedimentary and volcanic rocks like Oculito.

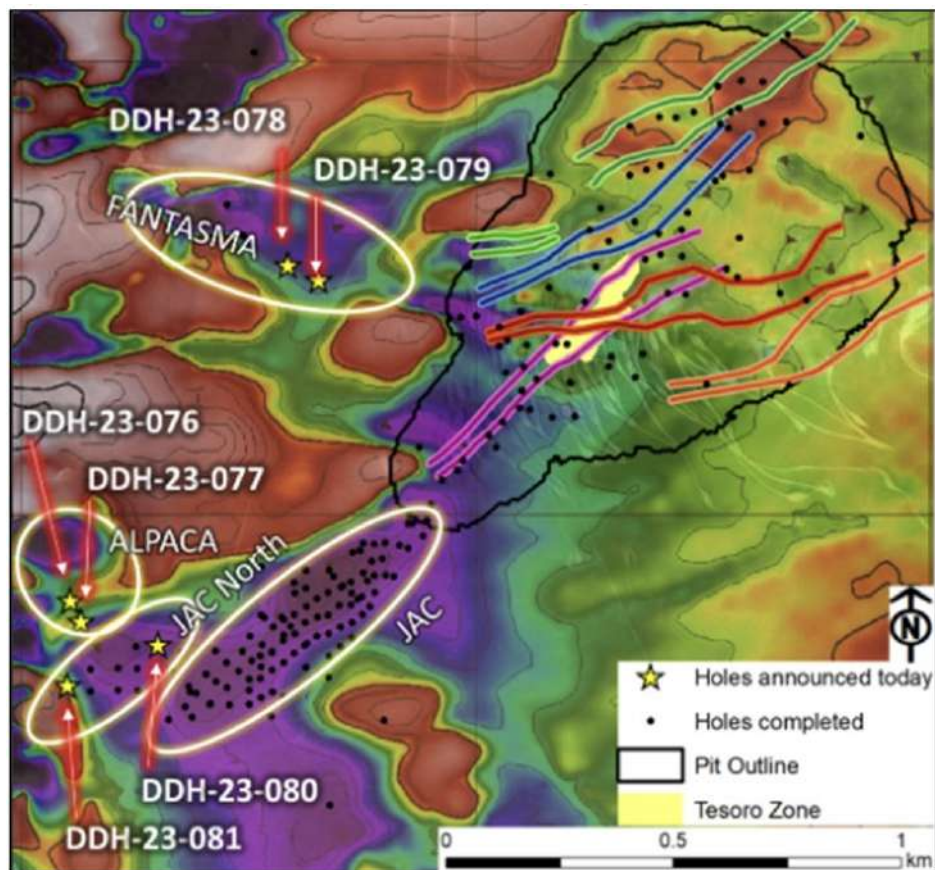
Latest Drill Results

Recent drilling has extended the JAC zone into a new territory denominated the North JAC zone. At the very start of November 2023, the company announced initial results from its drilling program program focused beyond the Oculito and JAC zones.

These drill results confirmed, in the company's opinion, the potential for additional near-surface mineralized zones located to the west and southwest of the main Oculito deposit and represent new exploration targets that will be pursued in an upcoming drill program. This program consisted of the following holes:

Hole Number	Elevation	Depth (m)
DDH 23-076	4,132	185
DDH 23-077	4,132	144
DDH 23-078	4,176	149
DDH 23-079	4,179	150
DDH 23-080	4,140	122
DDH 23-081	4,127	160

Below can be seen a plan view of the latest drill holes (in yellow) and the respective targets.



Results of Assays

The highlights of the various holes are detailed in the table below:

Drill Hole	Area	From (m)	To (m)	Type	Interval (m)	Ag g/t	Au g/t
DDH-23-076	Alpaca	153.0	159.5	Oxides	6.5	27.2	-
DDH-23-077	Alpaca	95.5	117.0	Oxides	21.5	154.5	-
DDH-23-077		130.0	135.0	Oxides	5.0	36.6	-
DDH-23-078	Fantasma	97.0	107.0	Oxides	10.0	53.9	-
DDH-23-079	Fantasma	95.5	106.0	Oxides	10.5	43.2	-
DDH-23-079		110.0	116.0	Oxides	6.0	65.6	-
DDH-23-081	JAC North	61.0	69.0	Oxides	8.0	39.5	-
DDH-23-081		74.0	80.0	Oxides	6.0	55.3	-
DDH-23-081		102.0	111.0	Oxides	9.0	98.4	-
DDH-23-081		126.5	133.0	Oxides	6.5	61.9	-

N.B. Intercepts greater than 2,000 gram-metres AgEq shown in bold text

The Updated Resource

In November of 2022 the company published a revised NI43-101 MRE on the Diablillos project. This was prepared by Luis Rodrigo Peralta and Joseph M. Keane.

Then, in late November 2023, the latest updated MRE, prepared by Luis Rodrigo Peralta, was released with an updated estimate for the Oculito deposit plus estimates for the JAC, Fantasma and Laderas deposits, located to the west/southwest of Oculito.

MRE: Diablillos Project - Nov 2023							
Zone	Mineral	Category	Tonnes 000s	Ag g/t	Au g/t	Contained Ag mns ozs	Contained Au ozs
Oculito	Oxides	Measured	12,170	101	0.95	39,519,000	372,000
		Indicated	34,654	64	0.85	71,306,000	947,000
		M&I Total	46,824	74	0.88	111,401,000	1,325,000
		Inferred	3,146	21	0.68	2,124,000	69,000
JAC	Oxides	Measured	1,870	210	1.21	1,979,000	49,000
		Indicated	3,416	198	1.13	1,235,000	64,000
		M&I Total	5,286	202	1.17	3,214,000	113,000
		Inferred	127	77	0.8	190,000	-
Fantasma	Oxides	Measured	-	-	-	-	-
		Indicated	683	105	-	2,306,000	-
		M&I Total	683	105	-	2,306,000	-
		Inferred	10	76	-	24,000	-
Laderas	Oxides	Measured	-	-	-	-	-
		Indicated	464	16	0.91	239,000	14,000
		M&I Total	464	16	0.91	239,000	14,000
		Inferred	55	43	0.57	76,000	1,000
Total	Oxides	Measured	14,040	116	0.85	52,146,000	382,000
		Indicated	39,217	76	0.77	95,594	974,000
		M&I Total	51,314	66	0.79	109,370,000	1,297,000
		Inferred	3,288	23	0.66	2,415,000	70,000

The MRE is the result of approximately 133,000 metres of drilling in 630 drill holes (historical and current). This includes the latest Phase III drill campaign, conducted in 2022/23, which totaled 24,077 metres.

This MRE displayed a substantial 36% increase in total contained silver in Measured & Indicated (“M&I”) Mineral Resources to 148 mn ounces Ag (from 109 Moz Ag), primarily due to the recently discovered JAC deposit.

Part of the uplift was due to a 32% increase in average silver grades in M&I Mineral Resources to 87 g/t Ag (from 66 g/t Ag), due to higher silver grades at the JAC deposit and higher equivalent cut-off grades at Oculito.

The other substantial component of the increase was due to the inclusion of Maiden MRE (largely in the M&I category) for the JAC deposit of 5.3mn tonnes at 202 g/t Ag and 0.13 g/t Au, containing 34 mn ozs silver and 22 k ozs gold.

The resource is constrained within a conceptual Whittle open pit shell derived using:

- US\$24/oz Ag price
- US\$1,850/oz Au price

This assumes an 82.6% process recovery for Ag, and 86.5% process recovery for Au.

The Pit Shell

On the following page can be seen the proposed pitshell as envisaged in the latest resource. This extends the original concept of the Oculito pit to encompass JAC by extending several hundred metres to the southwest.

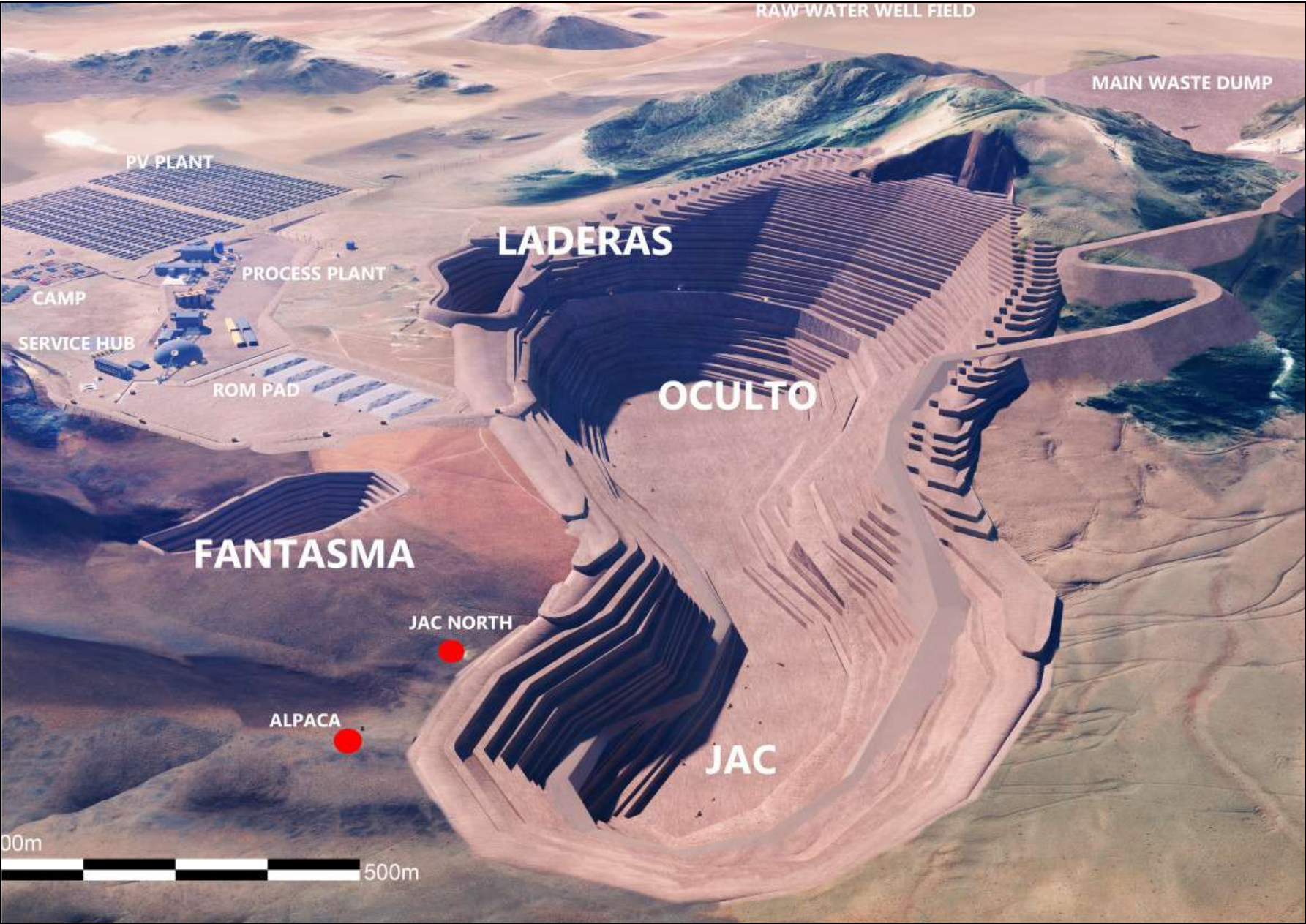
The MRE assumes an average 51-degree slopes in the open-pit with an aerial visualization shown on the following page.

The constraining open pit optimization parameters used were:

- US \$1.94/t mining cost
- US \$22.97/t processing cost
- US \$3.32/t G&A cost

The increased contained metal in the MRE comes despite the adoption of a Net Value per Block methodology and an increased equivalent average cut-off grade of 45g/t AgEq, compared to the 35g/t AgEq used previously.

The company is proud of its low discovery costs compared to industry standards at the current time with the Phase III drilling program costing ~US\$7.3mn, while it added ~43mn oz AgEq to the M&I categories in the new MRE. This represents an impressive cost of only US\$0.17 per ounce of AgEq added.



Mine Studies

We found reference to an unpublished Preliminary Economic Assessment (PEA) that was commissioned, in 2010, by Silver Standard from M3 Engineering. This was completed in June 2011.

The project envisages a conventional truck and shovel open pit mining operation using contractors. Previously, Oculito considered a small additional amount of material coming from the nearby Fantasma deposit. This study, however, considered the Oculito pit resource only, while an updated drilling strategy and MRE has resulted in the inclusion of the JAC, Fantasma and Laderas deposits.

A 7,000 tpd conventional silver/gold processing plant incorporating crushing, grinding and cyanide leaching with Merrill Crowe precious metal recovery is currently under consideration (while a 6000 tpd plant was considered in the previous 2018 PEA).

Now work will focus on the completion of a Pre-Feasibility Study. This PFS could likely include a Proven & Probable Resource estimation.

The strip ratio used in the PEA estimated for the Oculito pit was 3.5:1. The PFS will include an expanded pit at Oculito to incorporate additional resources, as well as an extension to incorporate the new high-grade JAC deposit. The 50-60 meters depth of unconsolidated colluvium covering JAC will not require drilling and blasting, and testing has shown that the material is suitable for use in construction of infrastructure and roads. Consequently, it is likely that mining will commence at JAC.

In addition, ongoing metallurgical testing and associated studies are underway to evaluate a heap leach operation using low-grade gold mineralisation at Oculito previously classified as waste.

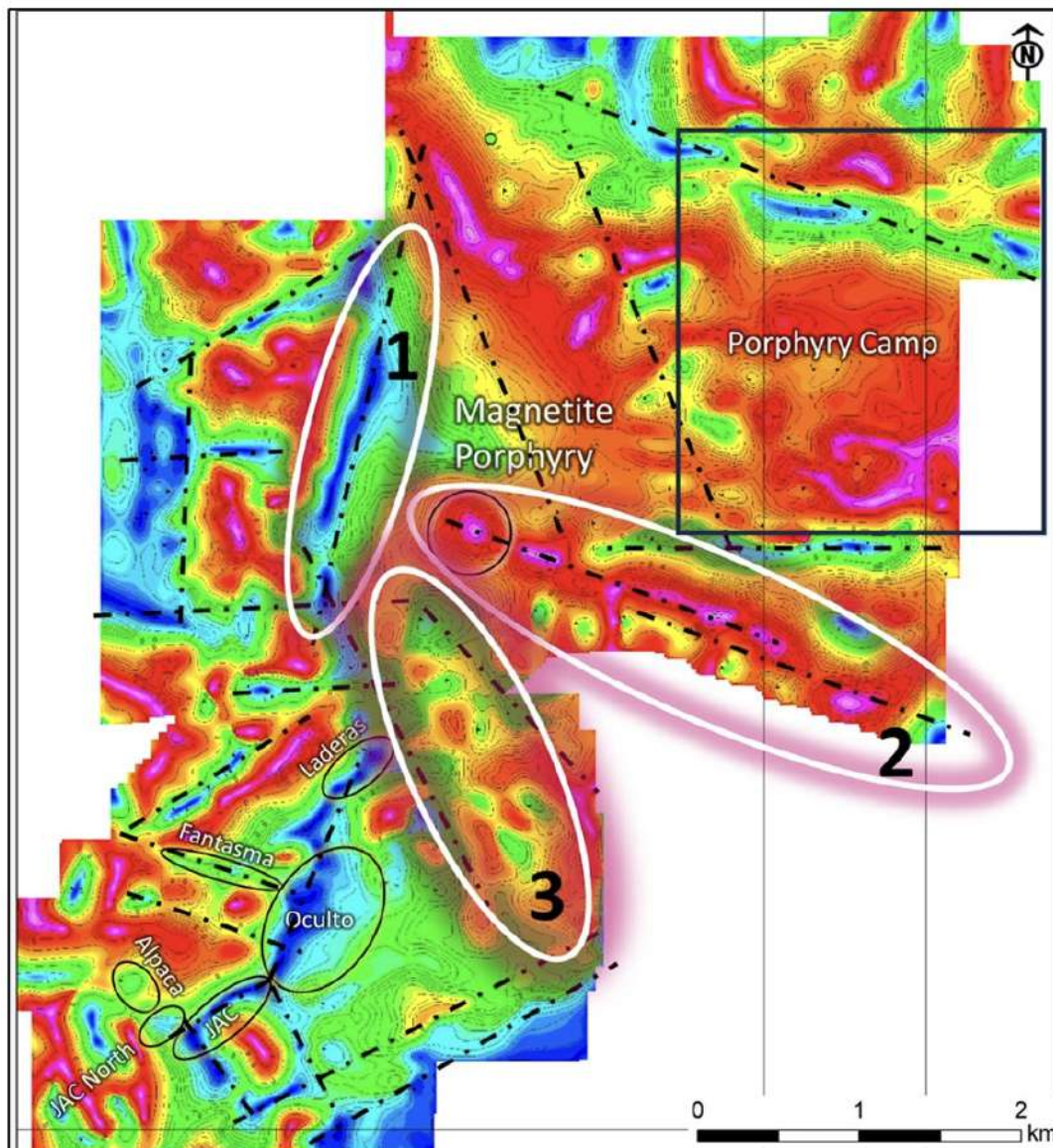
The PFS is expected to assume a 9,000 tpd operation, as opposed to the 7,000 tpd assumed in the PEA, with the Life of Mine (LOM) of the operation expected to remain around 16 years.

Updated Geophysical Results at Diablillos

Abra's team also recently completed detailed structural mapping and an expanded magnetic survey covering the new target areas to further assist with prioritizing targets for the company's next exploration campaign.

The full geophysical report from the survey has been merged with previous 2022 results. In total, there is now detailed magnetic coverage that spans 5.5 kms east to west and approximately 7.5 kms north to south.

Importantly, the new survey has revealed important structures including a major zone trending west-northwest, which is believed to host a magnetic porphyry intrusion. Here is a summary of the new zones below:



Zone 1 - This is an elongated zone of low magnetic response which was previously unknown. It follows the trend of a major north-south regional fault and a historical drill hole intersected anomalous gold in vuggy silica. The geology of this zone suggests it is a high priority target for epithermal gold-silver mineralisation.

Zone 2 - This west-northwest trending structural zone includes a magnetic porphyry which was previously unknown due to colluvium cover. The magnetic response and the presence of the porphyry intrusion indicate that this zone has potential for porphyry style copper-gold mineralisation.

Zone 3 - This area has been recognised as having potential for epithermal gold-silver mineralisation extending eastwards from the Oculito deposit and Laderas target. The new magnetic data gives focus to

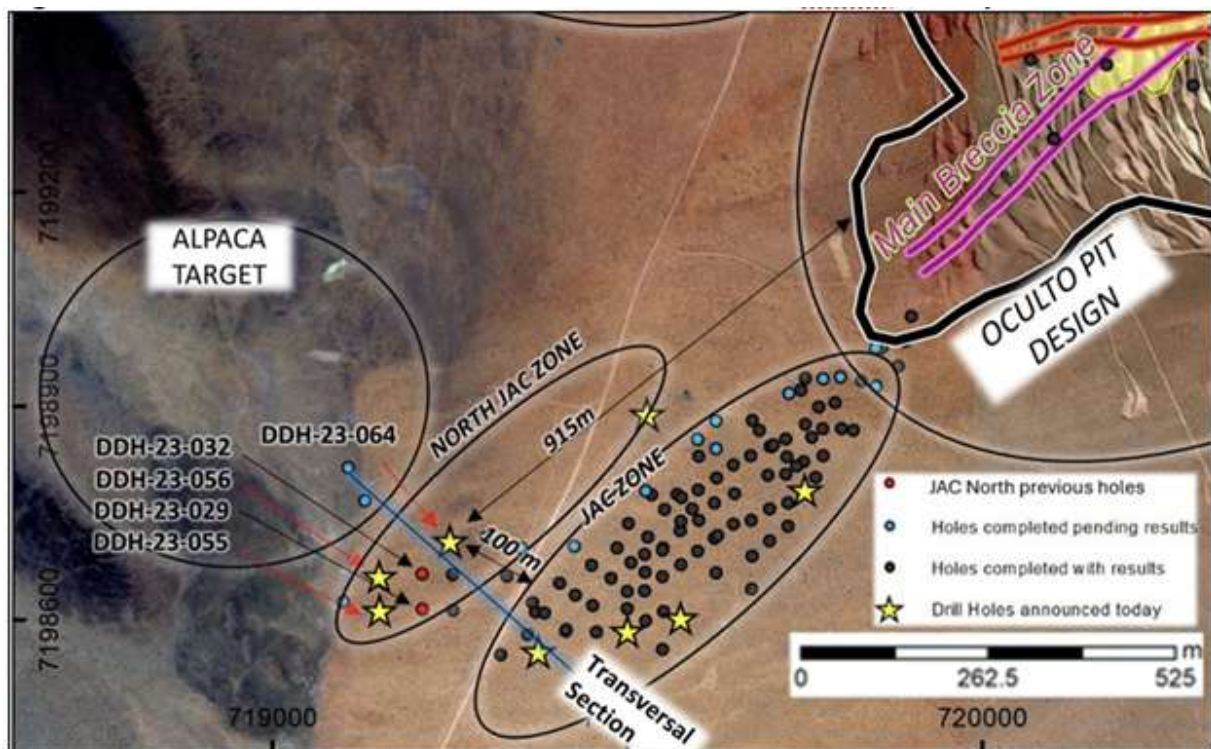
exploration targets in the area.

In total, more than 8,000 structural measurements were taken over the Diablillos concession area. These were computerized and a map of dominant structures drawn which clearly demonstrates a conjugate set of structures.

This information, together with the new magnetic survey data, will aid in prioritizing new drill targets.

Future drilling

Next up the focus will be on exploration targets such as: JAC North, Alpaca, and the Oculito-Fantasma trends. Management believes that each of these targets have the potential to continue to increase and add additional silver/gold mineralization.



JAC North Target

The JAC North zone, located up to approximately 100 metres northwest of the JAC zone, has the same geological characteristics as JAC. Silver mineralisation is concentrated in a highly fractured zone with pervasive alunite alteration and associated manganese oxides that follows a parallel structural trend.

Hole DDH 23-081, intersected multiple zones of silver mineralization near-surface, including 9.0 metres at 98.4 g/t Ag starting from a down-hole depth of only 102 metres. This mineralization extends the JAC North zone approximately 50 metres southwest.

Drilling to date indicates that the JAC North zone is a mineralized structure parallel to the JAC zone, which is believed to extend for several hundred metres east-northeast of hole DDH 23-081 and, represents upside potential that will be explored in the next drilling phase.

Hole DDH 23-080 was drilled to a down-hole depth of 122 metres and did not encounter any significant mineralization.

The Alpaca Target

Alpaca is approximately 700 m southwest of Oculito and nearly due south of Fantasma. The east-northeast-southwest striking fracture system at Oculito is observed to trend in the direction of Alpaca, a zone of mineralization located approximately one kilometre away. The company's geologists note that there is potential for mineralization to be extended along the same trend in the direction towards Oculito.

Drilling in this area has uncovered a trend of silver mineralization perpendicular to the JAC zone which is believed to connect the Alpaca target to the high-grade JAC zone.

Hole DDH 23-077, located between the JAC and Alpaca areas, intersected a near-surface zone of silver mineralization, totaling 21.5 metres at 154.5 g/t Ag, starting from a down-hole depth of only 95.5 metres.

There is a marked zone of low magnetic intensity perpendicular to the main mineralized south-southwest trend and hole DDH 23-077 intersected silver mineralization indicating there is good potential for further discovery.

The Porphyry Target at Diablillos

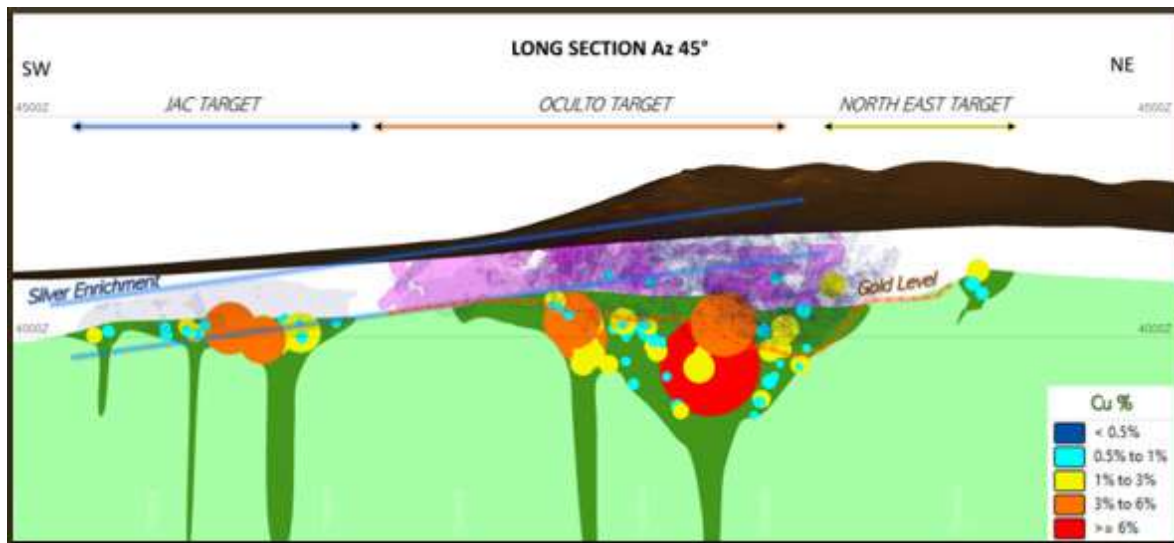
Over and beyond the multiple precious metals' targets at Oculito, JAC et al. the company's land package also includes a separate district of copper porphyry targets, located about 5-6 km north-east of Oculito. With the main focus being the silver opportunity, the porphyry target has not received any drill holes as yet.

However, the famed Dr Richard Sillitoe, doyen of copper porphyry geologists, has visited the property several times and has made the following observations.

- There is definitely a copper porphyry source of the epithermal mineralisation at Oculito, because he identified fragments of copper porphyry in the breccias that are of the size that they could have only travelled vertically upwards with the mineralising fluids.
- Together with the company's team, they have concluded that the gold-silver mineralisation at Oculito is related to a hot acid proximal zone of mineralisation, above the source, and that the silver at JAC and other areas is distal, being lower temperature and acidity. These form zones peripheral to Oculito (JAC, Alpaca, Fantasma).

- Sillitoe said that because of the widespread nature of precious metal mineralisation at Diablillos (the concession being approximately 7x7kms) there must be a cluster of several porphyry intrusions feeding the zone.

The company's chief geologist, Dave O'Connor, recently noted that there are high levels of gold associated with copper sulphides in the Oculito area and high levels of silver associated with copper sulphides in the JAC Zone. This represents primary zonation of hydrothermal mineralization around the fluid source centered at Oculito, with high grade secondary chalcocite mineralization forming a cap above high-grade primary chalcopyrite mineralization.

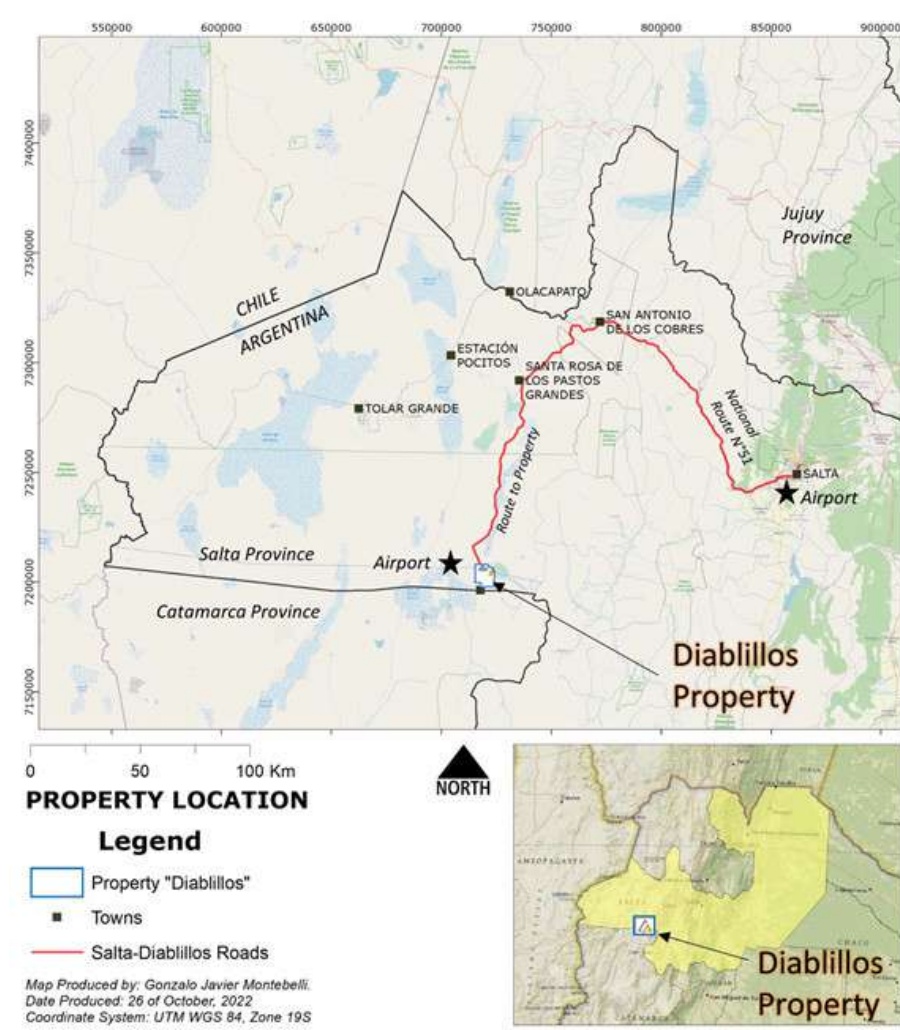


The sulphide mineralisation below the Oculito/JAC zones has only been sporadically drilled but the cross-section above was created to show the intercepts and a theoretical model, along the lines that Sillitoe suggested, showing the feeders for the higher precious metals deposits with the copper lower down in the structure at very interesting grades.

Access

The Diablillos property is approximately 160 km southwest of the city of Salta as the crow flies, but by road the distance from Salta to the property is approximately 320 km (a driving time of five to six hours). The project is accessible from the city of Salta via the town of San Antonio de Los Cobres along National Highway 51. It is on the border with the province of Catamarca.

There is a secondary all-weather gravel road (Provincial route N°129) that starts near San Antonio de los Cobres and then south to Santa Rosa de Los Pastos Grandes and then on to the Salar del Hombre Muerto and the property. The Diablillos project is approximately 19 Km to the south-east of this road. If this project comes to fruition, it will improve site access and reduce the length of the road that will have to be considered for maintenance.



An alternate route is via the town of Pocitos on Provincial route N°17, which is the main road to Antofagasta, Chile. This is the primary road access to the aforementioned Tincalayu borate operation of Borax Argentina, located a few kilometers southwest of the Diablillos property on the northeastern margin of the Salar del Hombre Muerto.

Most of the local roads are gravel and can be traversed by two-wheel drive vehicles with high clearances, however, during rainy periods, sections of the access road are subject to flooding and small landslides. Four-wheel drive vehicles are required for access within the property.

The Camp

AbraSilver currently has a camp at site that can house around 60 people, but there are usually around 30 there at any given time. This will be re-sited and house several hundred into development/ production mode.



At the current time, 100% of the employees are Salteños, with 21.4% being from local communities and around 20% being female. Impressively, the entirety of the female contingent are technical staff.

Infrastructure

The most important advantage the project has received is access to the Fénix gasoducto (mentioned earlier in this note), the cost of which is being footed by Livent. A derivation valve has been placed on its trace at a distance 24kms from the Diablillos property.

Abra also envisages that its electricity supply will be provided by a solar panel farm of 20 MW, such as that already in operation at Cauchari (pictured below).



The benefit of having access to the gas pipeline and constructing a solar generation facility, the company

should be able to make substantial savings on CapEx.

Water supply is a hot topic on the *altiplano*. AbraSilver has secured water rights from the Rio Barranquillas to the east of the project area, that is upstream of another river that empties into the Salar de Diablillos.

Good Neighbour Policy

AbraSilver has good relations with neighbours and thus access to the airstrips at the Salar del Hombre Muerto, 10 kms southwest of the property, of Livent (approximately 40 kms west of the Diablillos property) and at the Sal de Vida lithium project of POSCO (approximately 15 kms to the Northwest of the properties).

Recent & Next Steps

Developments in the recent past and near future are:

- Updated Mineral Resource estimate for the Diablillos project (November 2023)
- Bottle roll and column testing results for heap leach processing (December 2023)
- Pre-Feasibility Study results for the Diablillos project (January/February 2024)
- Commencement of Phase IV exploration campaign (Q1 2024)

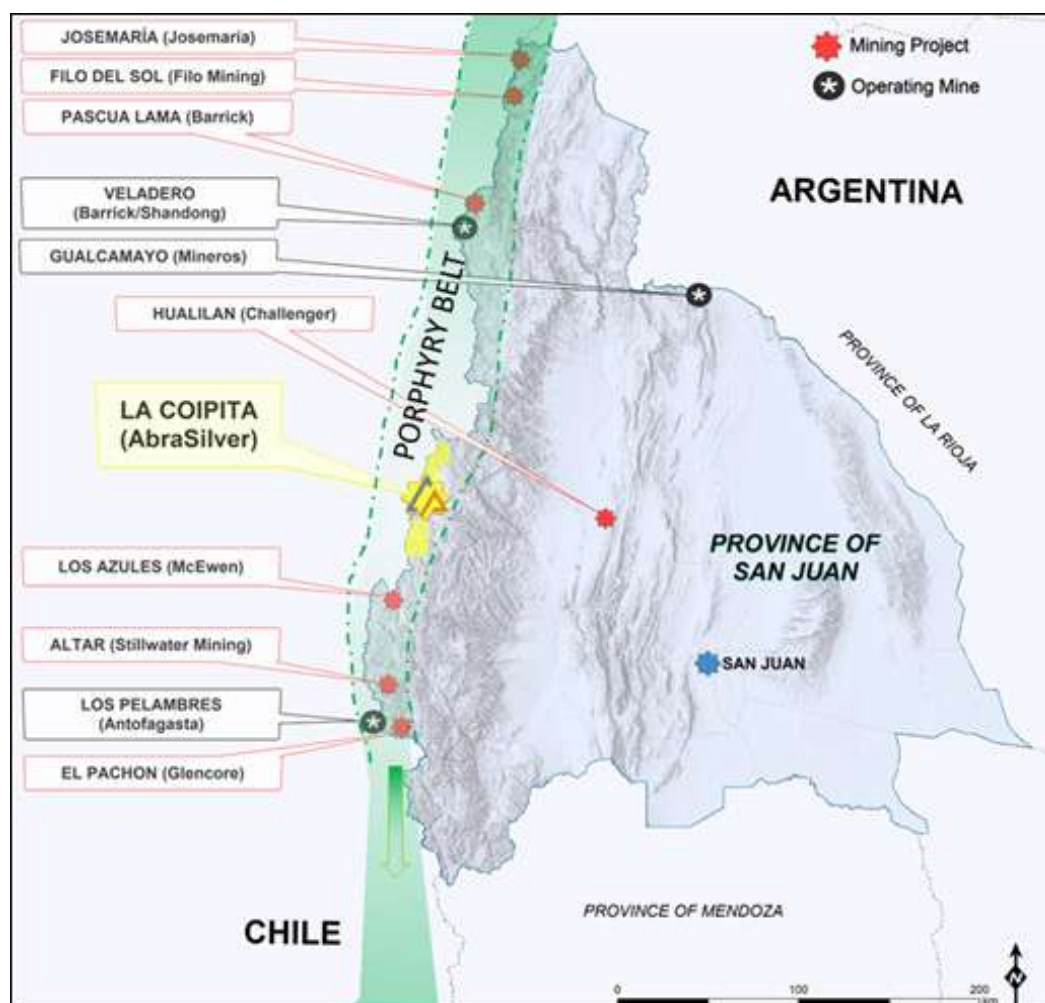
La Coipita – the Copper Target

It will be recalled that in the first week of February 2023, we had been to visit the Altar project of Aldebaran Resources and the Los Azules project of McEwen Copper, both in San Juan. This was written up as an extensive [Mine Trip Note](#), which we published in March of this year.



The relevance here is that the second asset of AbraSilver is the La Coipita copper porphyry project which is contiguous to Los Azules (to the north) and stretches along the Chilean border for a distance of around 90 kms.

This project shares the road access with Los Azules to the town of Calingasta. While we shall not discuss the project here as the focus of this review is Salta, we did have extensive discussions on La Coipita, the strategy and its potential. This could be the subject for a future coverage piece dealing with AbraSilver in detail.



There are number of other projects that share access roads with these two projects, most notably El Pachon of Glencore. The others are smaller, less advanced or static and are “operated” by the likes of Fortescue (FMG), AbraSilver (with La Coipita) and the Sanchez Losada interests. In close proximity, but on the Chilean side of the border, are large producers like the Los Pelambres mine of Antofagasta.

On San Juan – Copper’s New Chile?

We have been on record for quite a while now as referring to Argentina as “the Saudi Arabia of Lithium”.

Of late, we have also taken to referring to San Juan as “the new Chile”. This is somewhat ironic as the province has hitherto been viewed as a gold province with the major mines being Veladero, Casposo and Gualcamayo. However, these mid- and smaller-scale gold mines are now being eclipsed by the Copper potential, with projects that are mainly in the “large” category on any international scale with multibillion tonne resources as currently only projects of this size can cope with the topographical and infrastructure challenges of the high Andes.

A provincial Secretary of Mines has been in place in San Juan Province since early 2004. The Mining Ministry was created at the end of 2010 and a Mining Minister was appointed to lead this Ministry.

Apparently, San Juan is the only province to have elevated the role to a ministerial level.

La Coipita

This project is located in a geological setting similar to other deposits in the same belt, including the Filo del Sol and Los Azules projects, where porphyry-style mineralisation is found immediately beneath epithermal mineralization.

This copper target, located in the prolific Miocene porphyry-epithermal belt, is truly massive in (territorial) size. It is in the western portion of Calingasta Department of San Juan Province, adjacent to the Chilean border. Elevation across the property ranges between 3,500 and 4,500 MASL with moderate to high relief.

It was put together through two transactions. The first portion was 51,550 hectares with the transaction being announced in March of 2020. This initial territory included two partially-exposed porphyry Cu-Au (Mo) systems, with evidence of at least three other poorly exposed porphyry systems

Historic drill intercepts had yielded up to 127m @ 0.42% Cu and 0.22 g/t Au, including 41m @ 1.08% Cu and 0.35g/t Au from shallow drilling at the Yareta high-sulphidation target.

The second transaction in August of 2021 took the area under Abra’s control to approximately 70,000 hectares.

The Deal(s)

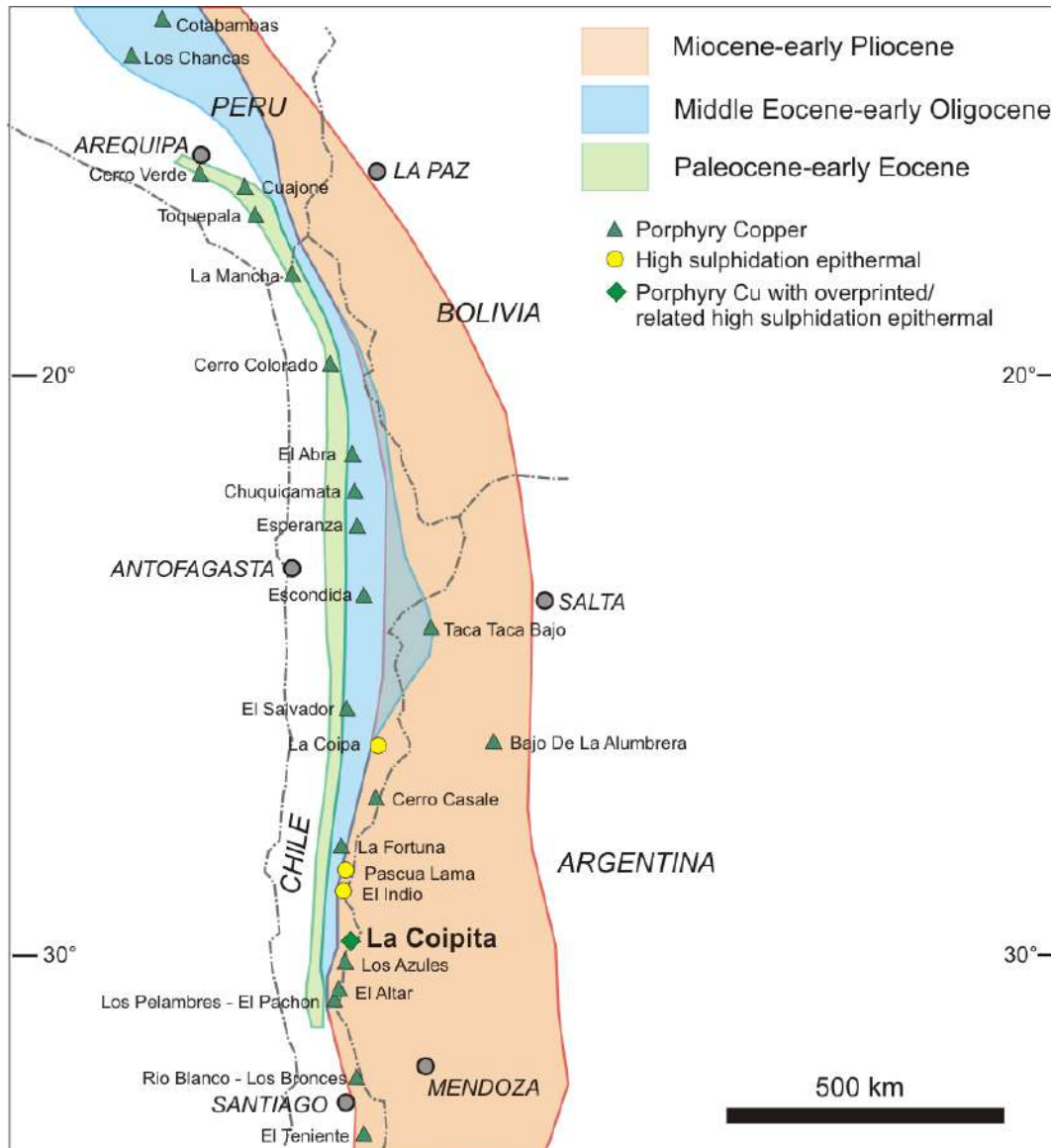
The first transaction, on March 2, 2020, was an option agreement to acquire a 100% interest in La Coipita for total payments of US\$4.27 million, over a period of five years.

The second transaction involved the addition, via Abraplata Argentina SA requesting through the original owners of La Coipita, new areas of additional mining tenure consolidating the two main blocks of the property.

Geology

The project lies within the Miocene porphyry-epithermal belt of Argentina and Chile. During the mid-

Miocene, the area developed an active magmatic arc, on its western side, and a back-arc extensional environment, to the east. Contemporaneous with the deposition of volcanic/volcaniclastic rocks was the emplacement of porphyry Cu-Mo-Au and/or epithermal Au-Ag (Cu) systems (e.g. Los Pelambres/El Pachón Cu-Mo porphyry, Los Azules Cu-Mo porphyry, El Indio/Veladero/Pascua Lama HS Au cluster).



Exploration

Previous exploration work on the project was completed by subsidiaries of the following companies:

- Viceroy Resource Ltd (1995-1997)
- Vale S.A. (2007- 2009)

▪ Teck Resources Ltd (2009- 2016)

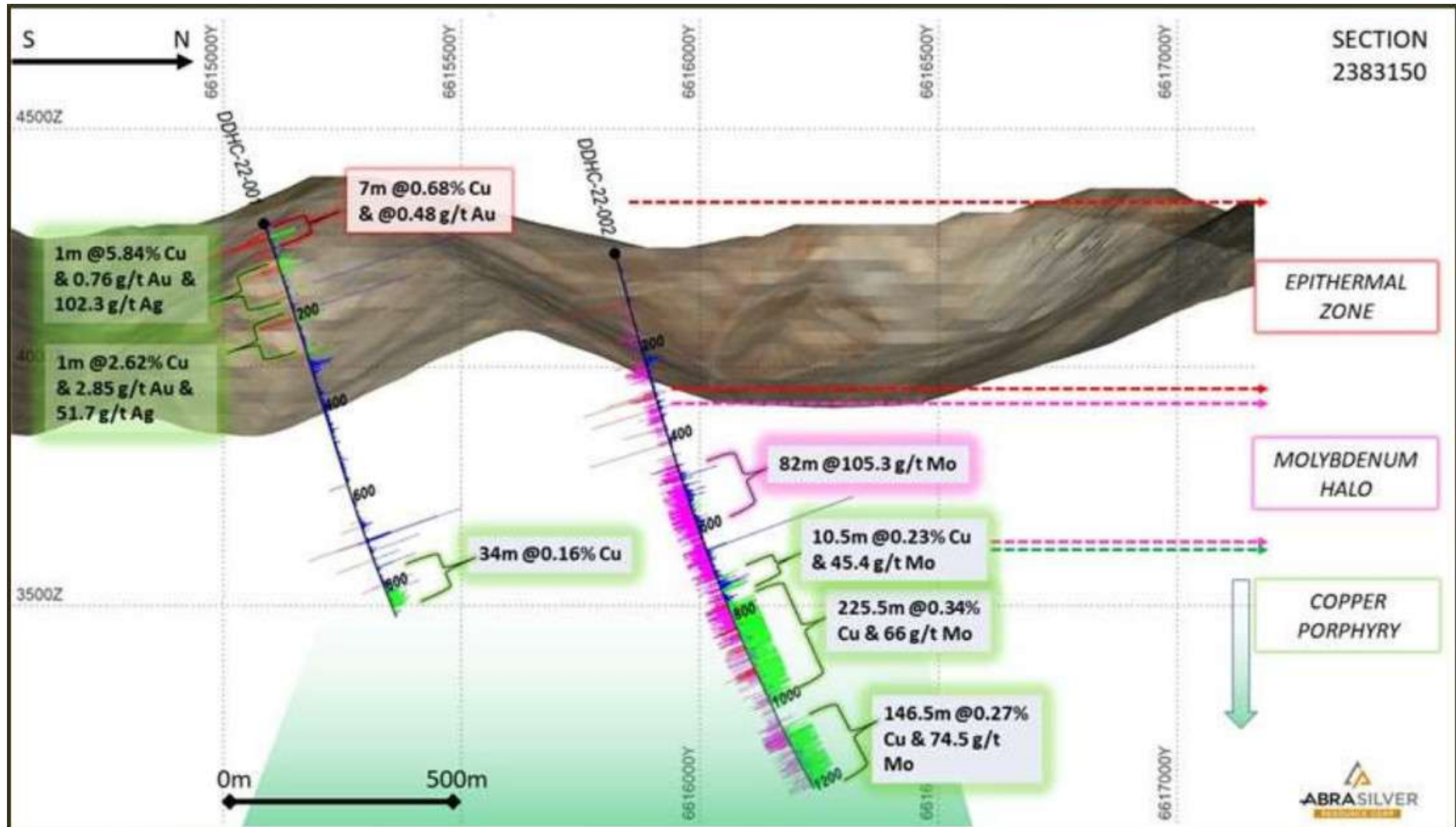
Numerous target areas have been identified on the Project from the previous work. The only target that has been tested by drilling is the Yareta target, where nine closely spaced RC drill holes totaling 1,984m were drilled by Viceroy in 1997.

The historical results of which were:

Hole	From (m)	To (m)	Interval (m)	Cu %	Au g/t	Ag g/t	CuEq
97-Y-3	40	167	127	0.42	0.22	12.2	0.69
Including	136	167	41	1.08	0.35	24.2	1.55
97-Y-5	195	237	42	0.60	0.26	9.26	0.87
97-Y-8	228	238	10	0.97	0.12	4.53	1.1
97-Y9	27	64	37	0.24	0.03	3.03	0.3

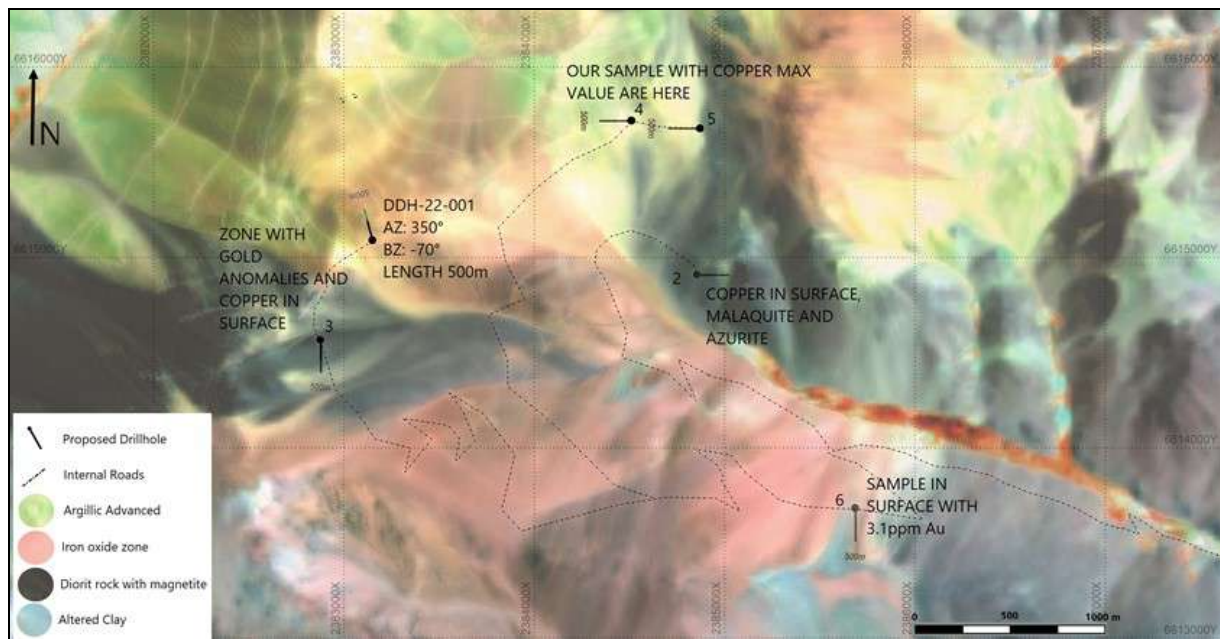
Under Abra's control, the initial deep holes were conducted down to a depth of approximately 1,000 meters. The initial drill program focused on the Yareta target area where reconnaissance exploration work completed by AbraSilver has shown that mineralisation in this area is expected to be more widespread than the zone previously drilled in 1997.





Above can be seen a cross-section of drills at La Coipita, particularly interesting being the Moly halo

The locations of the initial three drill holes are shown below. Interestingly, excavation of the drill platform for Hole DDH-22-001 exposed mineralisation indicative of the copper-iron sulphate mineral chalcantite in a system of veinlets that likely represents the weathered product of underlying sulphide mineralisation as shown above.



In June of 2022 the company announced the results of its first campaign. The main result was the discovery of a significant new copper-gold-molybdenum porphyry system at the project.

Some of the highlights of that campaign included:

- Hole DDHC 22-002: intersected a continuous copper-gold porphyry zone of 226m grading 0.43% CuEq marking a significant new discovery on the project.
- Mineralisation remains open at depth, as the hole ended within a separate interval of 146m of 0.30% CuEq down to a depth of approximately 1,200m.
- Porphyry-style mineralisation was encountered within the host rocks believed to be adjacent to the central porphyry intrusive progenitor, which has not yet been intersected.
- Hole DDCH 22-001 intersected high-sulphidation mineralisation with multiple high-grade narrow zones of copper and gold veining.
- Drill results were targeted at a surface geochemistry pattern interpreted as being a reflection of an underlying porphyry system, with estimated approximate dimensions of 2.0km by 1.5km

The Northern Access

The northern access route to McEwen Copper's Los Azules camp (and to La Coipita) is the "short" route from Calingasta. The first 15-20 kms out of the camp are truly a heartstopper as the hairpin bend road climbs over first one 4,300m ridge and then over another of nearly the same height, around 5kms further on.

The road has experienced major upgrading in recent times, entirely at the expense of McEwen Copper. The goal here is to make the road accessible for articulated lorries carrying containers of up to 40 ft with initially camp and exploration equipment, but eventually kit for the processing plant and minebuild/operation.

AbraSilver contributes towards the costs of the shared road with Los Azules. To give an idea of how this works, in the last drilling season, the company paid approximately US\$200k for the road usage.

How Might La Coipita Play Out?

There is quite a strong division between those companies that are making a major push in San Juan and those that have territory and undertake some limited exploration efforts. The copper projects in San Juan are almost universally isolated and at high elevations up close with the Chilean border. Thus, the costs of mobilizing for even the most basic drilling campaign involves a significant camp and road infrastructure, with attendant large staffing to support even a small camp.

It looks most likely that AbraSilver will sculpt some form of JV, or more likely an earn-in, with a much larger, dedicated copper explorer developer rather than mobilise annually at high cost to undertake limited campaigns.

However, we still favour the idea of creating a NewCo (e.g. an Abra Copper), spinning it out to shareholders and letting it stand (or fall) on its own feet (and accordingly fund itself). As the buzz rises around McEwen Copper (and its potential listing) a window of opportunity will likely present itself to coat-tail on this in 2024. We would note that the Stellantis financing deal with McEwen also provides an example, writ large, of how an Abra Copper entity might glean funding in an independent existence from large corporates, not traditionally associated with mining, that have large "trapped" peso balances within Argentina.

Lithium Matters?

The Salar de Diablillos adjoins the projects tenements of AbraSilver and indeed the company holds a sliver of territory at the western end of the *salar* (which is being developed by a Chinese company, Tibet Summit). It would be reasonable to say that AbraSilver holds around 500 hectares of the *salar*, between actual *salar* and *playa*. One should bear in mind that the *salar* pre-dates both subsequent andesitic flows as well as colluvium, so there are probably *salar*-type aquifers buried under cover, particularly in the southwest part of Abra's concessions. This may be a conservative guess.

Financing

The most recent financing by AbraSilver was in late November of 2022 when it entered into a "bought deal" private placement financing of 21,622,000 units at a price of CAD\$0.37 per unit for aggregate gross proceeds of CAD\$8,000,140. Each of the units was comprised of one common share and one-half of one common share purchase warrant. Each warrant entitled the holder to purchase one additional share at a price of \$0.50 for a period of 24 months following the closing date of the offering.

Then in early December of 2022, it was announced that the oversubscription element of the placing had been exercised with a total of 27,027,000 units being issued for gross proceeds of CAD\$9,999,990.

The current cash balance (including a term deposit), or at least as of 30 September 2023, was CAD\$6.6mn.

Board & Management

John Miniotis, Chief Executive Officer, has over 18 years of experience in the mining industry focused primarily on mergers & acquisitions, equity capital markets, investor relations and corporate finance. He was previously CEO of Aethon Minerals Corp where he was responsible for overseeing the capital markets and mergers and acquisitions strategy of the company, which culminated in the successful merger with AbraSilver. Prior to joining Aethon he was the VP Corporate Development at AuRico Metals, which was acquired by Centerra Gold in January 2018 for approximately \$310mn. He also worked at Lundin Mining where he was responsible for Investor Relations and Corporate Development, and played a role in the execution of various acquisitions valued for over \$2bn. Prior to that he worked in mining equity research at Wellington West Capital Markets and BMO Capital Markets, having commenced his career in the Corporate Development group at Barrick Gold. He holds the designation of Chartered Financial Analyst and received a Bachelor of Business Administration degree, with high distinction, from the University of Toronto. He is also a non-executive director of NOA Lithium Brines Inc. (NOAL: TSXV).

Sam Leung, a non-executive director, is Vice President, Corporate Development, of Adventus Mining Corporation with extensive experience in the mining industry focused primarily on corporate strategy, due diligence, and mergers and acquisitions. Prior to joining Adventus Mining, He was Director of Corporate Development at Lundin Mining, where he played a key role in the evaluation and completion of several successful acquisitions valued at over US\$3.7bn and was also responsible for joint-venture related activities with Freeport-McMoRan. Prior to Lundin Mining, he was a due diligence and strategy consultant for Hatch Ltd.'s advisory practice based in London and Toronto and began his career as a metallurgist. He is an engineer and received a B.A.Sc. degree in Engineering Chemistry from Queen's University at Kingston, Canada.

Nicholas Teasdale, non-executive director, is a geologist with over 30 years of experience in mining, exploration, management of technical services, project management, and business development, at world-class mines throughout South America and Canada. He is currently Vice President Mining Evaluations at Wheaton Precious Metals International Ltd. He has also held senior roles with mining

companies working in South America, including Lundin Gold Inc. and Barrick Gold Corp. Mr. Teasdale has over 18 years' experience based in South America and was part of the discovery team and development team for the world-class Lagunas Norte high sulphidation epithermal Au-Ag deposit (>10MOz Au contained). Throughout his career he has worked on world-class ore deposits including: Fruta del Norte, Lagunas Norte, Pierina, Pascua Lama, Veladero and Bousquet. He holds a Masters of Applied Sciences from the Ecole Polytechnique in Montreal, and a Bachelors of Science from the University of Montreal.

Flora Wood, non-executive director, is a finance executive with more than 20 years' experience leading Investor Relations (equity and debt), mainly in the mining and steel sectors. She is currently with Altius Minerals, an AbraSilver strategic shareholder, and was previously with Sherritt International, Inmet Mining, Algoma Steel and Harris Steel Group. She has also been an independent director and Audit Committee member of Treasury Metals, a gold developer since 2014. She holds a BA and MA from University of Toronto.

Stephen Gatley, a non-executive director, is a mining engineer with over 40 years of experience in the minerals industry. He spent the early part of his career working for Rio Tinto, initially in the Cornish tin mines, before holding senior positions at underground base metal mines in both Europe and South America. The later part of his career was spent with Lundin Mining Corp. where he served initially as General Manager of the Galmoy zinc/lead mine in Ireland. Moving from mine sites to a corporate role, he held the position of Vice President Technical Services from 2012 to 2021. In this position, he provided technical oversight to Lundin's operating mines and growth initiatives. He holds a Bachelor of Sciences Engineering degree from the Royal School of Mines, London. He is currently a non-executive Director of Cornish Metals Inc.

Hernan Zaballa, a non-executive director, is a senior partner at Zaballa Carchio Abogados in Buenos Aires, Argentina. He was admitted to the Bar in 1989, and practices in the areas of Energy and Natural Resources (Mining and Oil & Gas) as well as in Administrative and Regulatory Law. Hernan was formerly a director of the Argentine subsidiaries of Barrick, Peñoles, Northern Orion, Newcrest, and Polimet/Yamana, as well as Vice President of Pan American Silver's subsidiaries in the country. He is the author of several articles in specialized publications, and co-authored "Establishing and Conducting a Mining Business in Argentina". In addition to memberships in the Buenos Aires Bar Association and the International Bar Association, he is a member of CAEM, and FUNDAMIN as well as the Rocky Mountain Mineral Law Association and the Prospectors and Developers Association of Canada (PDAC). He also teaches law at the Universidad del Museo Social Argentina where he is Professor of Rural, Mining, and Environmental Law.

He is also non-executive Chairman of NOA Lithium Brines Inc. (NOAL: TSX-V).

The technical team is headed up by David O'Connor, the chief geologist, who has over 40-years' experience in the mining industry, focused on the identification, acquisition and management of mineral projects of merit. He was the founder, or co-founder of five publicly listed companies based on projects

in South America and managed the merger of three of these. With Explorator Resources, he developed the El Espino deposit in Chile to an open-pittable resource of 230 million tonnes at 0.65% Cu and 0.2g/t Au, following which the company was sold to Pucobre (a Chilean copper miner).

Previously, he was in charge of early exploration for Western Mining Corporation at the eminent Olympic Dam deposit and later was Chief geologist of Peko-Wallsend in Australia. He holds a BSc (Hons) degree from Cape Town University and an MSc D.I.C. in mineral exploration from the Royal School of Mines in London.

Risks

Amongst the risks related to the AbraSilver's projects are:

- ✖ Silver price risk
- ✖ Copper price risk
- ✖ Political risk in Argentina
- ✖ Financing is a challenge that comes and goes in the mining space and its sub-sectors

The company's main vulnerability is the Silver price and sentiment towards it. At least as long as the war in the Ukraine continues, we do not see much danger of the price of gold or silver retracing lower. Indeed, the longer it drags on the greater the chance of escalation in the conflict and thus the safe haven aspects of the precious metals will be reinforced. Beyond that we have the long-term underinvestment in new mines/capacity which has left silver with a scant pipeline of new sources of supply.

The market for Copper has been stronger over the last few years, but doubts still exist as to whether this is a secular change prompted by long term lack of new projects & development or whether it is a surge in demand. We would still signal caution as the long-term economic effects of the current pandemic are still not clear. A number of Western economies have been severely battered and are showing decreased, or negative, growth.

The Copper price could weaken again if it rises too far too fast, if interest rates perk up or if China shows significant slowdown due to the effects of retaliatory measures against the country or just slower exports to the West. As noted earlier, China has an interest in lower prices and has significant stockpiles and trading positions that it can exploit to play whackamole with the prices of metals it wishes to see lower.

Financing conditions rise and fall with sentiment towards Silver, Copper and the other metals to which has exposure. Added to this are other dynamics, like the Russian invasion of the Ukraine and the rising interest rate environment in Western economies. The last two years have been a quantum better on the financing front for junior explorers.

Conclusion

It is clear from looking at AbraSilver and having seen two of its projects that there are three quite different companies trapped within the current structure. The most important for now is clearly Diablillos, which offers what might be the largest precious metals project currently available in Argentina. Silver is having a moment (at gold's expense), but neither has the fervour around them that they did two years ago. However, as is well-known, the furore for precious metals ebbs and flows but never goes away and always comes back with strength at some point.

Diablillos is advancing irrespective and is a prime candidate for the attention of larger predators that have not restocked their pipeline of projects during the down times, then wake up and scramble to acquire a position (hopefully at a handsome premium for Abra holders. In any case the management are not Waiting for Godot and are looking to develop the project under their own steam

The second asset is the copper position in San Juan which could do with significantly more work but with its proximity, and being contiguous to, Los Azules, its potential is joined at the hip with that of McEwen Copper. As we wrote after our San Juan mine trip in February, San Juan is the new Chile and Abra is on board for the evolution of the copper mining boom there. Whether the creation of an Abra Copper is the next step to maximise this potential remains to be seen. Hopefully the wait will not be long.

The least of these, though possibly the most exciting for some, is the Lithium assets. While not standalone pieces as projects, the slice of the pie at Hombre Muerto is potentially a chess piece that calls for a canny opening move.

We are initiating coverage of AbraSilver with a LONG rating and a twelve-month target price of CAD\$0.84.



On Argentina & Salta:

Some Context

On Argentina & Mining

The outgoing president is Alberto Fernandez, widely regarded as a creature of his vice president, Cristina Kirchner, but the operative word is “outgoing”. The Kirchner grouping has largely ruled the country for twenty years, except for a short 4-year interregnum by a centre-right administration mid-last decade. The Kirchnerite political style was not everyone’s cup of tea. However, even the detractors of Cristina Kirchner find it impossible to claim that she, or her various governments, have been anti-mining. Coming as she does from the strong mining province of Santa Cruz, in Patagonia, her approach has been very softly, softly. Now the election of the free-marketeer, Javier Milei, presages a swing to a more *laissez-faire* approach that verily will include exchange rate liberalization and even dollarization.

A Mining Centre?

Some would argue that San Antonio de los Cobres is the capital of the Altiplano (as least the Salteña part) but we remain unconvinced. While it is located on the *Tren de la Nubes* rail connection (which is only partly functional due to track damage) between Salta and Antofagasta in Chile, it is far from being the geographical centre of where the mining action is going on at the moment.

In its NI43-101, AbraSilver notes that the Salta government has expressed an interest in building a “Mining Logistic Center” in the town of Olacapato. This project seeks to improve the local mining infrastructure. The scope has been noted to include an airport, industrial area, transportation, processing, service facilities, commercial premises, accommodation, parking facilities and a health center.

The town(let) of Santa Rosa scarcely passes muster as a mining logistics centre but might also be upgradable.

AbraSilver notes that while the Diablillos project does not rely on this infrastructure there would be considerable benefits if it progresses. It is also a good sign of the commitment to mining projects by regional authorities.

In the absence of such a centre, companies developing Lithium projects are cobbling together their own mine camps, with quite a few having airstrips for access. This involves quite a degree of duplication, but

these camps springing up have ad hoc cooperative arrangements amongst themselves on sharing, in the short term, their facilities. For example, AbraSilver has had access to some landing strips of neighbours and upon our return to Salta we took a worker from POSCO's project back to the city with us.

Road maintenance is performed by the Direccion de Vialidad de Salta (Salta Province Highway Authority). Notably a plan was recently announced to the Pastos Grandes community that a permanent base was being considered there to handle maintenance of provincial road N°129. This road connects San Antonio de Los Cobres with the Salar del Hombre Muerto.

Good quality airstrips exist at the Salar del Hombre Muerto, 10 Km southwest of the property, at the Livent's Salar del Hombre Muerto lithium mine operations, approximately 40 km west of the Diablillos property and at the Posco lithium project approximately 15 Km to the Northwest of the properties.

The Legal Context

During the Golden Years of the Menem regime of economic liberalization in the 1990s the administration created a major shift away from the ossified historical legacy that had choked off most mining since the Second World War. Most importantly Carlos Menem, originating from the long forgotten and ignored Andean provinces, swung the pendulum of control of bureaucrats in the capital, Buenos Aires, towards provincial control of their own mining destinies.

Between 1993 and 1995, the Federal government implemented a new Mining Investment Law, a Mining Reorganization Law, a Mining Modernization Law, a Mining Federal Agreement, and Financing and Refund of IVA. Decree 456/97 implemented a unified text of the Mining Code with all amendments made by the aforementioned legislation. These amendments offered attractive incentives for exploration and mining to foreigners, and include both financial and tax guarantees, such as import duty exemptions, unrestricted repatriation of capital and profits and a 3% cap on Provincial royalties. This group of laws also created the basis for federal-provincial harmonization of the procedural regulations.

In 2001, Law 25.429 "Update of the Mining Investment Law" was passed, and in March 2004 approval was reached for a key provision of the Law allowing refund of the IVA (Value added tax) for exploration related expenses incurred by companies registered under the Mining Investment Law.

The Mining Secretariats of the provinces are commissioned to foster mining investment, participate in cooperation between international and inter-jurisdictional departments, and to oversee environmental, labor and hygiene issues related to mining. Importantly, they respond to and govern initiatives of the National Mining Commission (which supervises the country's mining policy) and oversee the National Geological Service Board (SEGEMAR, which functions as a national Geological Survey).

Perceived Problems

Several of Argentina's Andean provinces have become a veritable boomtown for the Great & Good of

the global EV revolution but other mining projects like Diablillos and First Quantum's Taca Taca are on the drawing boards.

The main bugbears of the mining industry have been the issues of the *reintegros de IVA* (rebates of VAT) and the on-going idiocy of the parallel exchange rates, and exemptions thereto, that create an enormously distortive effect on the flow of funds into capex and the flow of dividends and profits out of the country.

The current official dollar rate is around AR\$375 to the USD (double the level of reigning at the time we wrote our San Juan trip note), while the unofficial rate (the Dollar Blue) is around AR\$995 to the USD (having briefly blown out to over AR\$1,000). This requires CFOs and financial controllers of foreign miners to perfect their skills as contortionists to effect transfers at the most attractive rates.

Generally, this situation has not been enough to discourage exploration or development. It is worth noting (and the miners are *sotto voce* on this) that the "cheapness" of Argentina at the unofficial rate is a big attraction. Normal petrol/gasoline is at US\$1 per litre and salaries are basically low at the official rate for domestically employed staff. Rents are low and hotels cheap, as are many basic camp supplies (food, cleaning products etc).

Ministerial Weight

Despite rumours to the contrary that the new Secretary of Mining was to be Sergio Arbeleche, a prominent mining lawyer, the appointee is going to be Flavia Royon, the former Secretary of Mining at the provincial level for Salta. She will be taking over from Fernanda Avila, who was formerly the secretary of mining in Catamarca province. In her international appearances (a contrast to previous stay-at-home secretaries) she left a trail of goodwill and good vibes at mining events around the world, particularly in London where we met with her.

Imminent Political Change?

The Fernandez/Kirchner Administration is now in its dying days with the handover on the 10th of December. Change in macro policy looks certain, but nothing is expected in the area of mining specific rules.

With Milei's win the exchange rate oddities will not survive long into the new Administration, but neither is it likely that the new incumbent will have a smooth ride.

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