

## Outcrop Silver & Gold Corp. – SPECULATIVE BUY

### 2022 Exploration Program Fully Funded; Look for Maiden Resource Exit

#### ACTION: Maintain Target and Recommendation

On March 9, Outcrop Silver (OCG) announced the successful close of a unit offering to raise \$6.9M in gross proceeds for its Santa Barbara silver-gold project in Colombia. Research Capital acted as sole-agent in the financing, and we resume coverage with a **SPECULATIVE BUY** and \$0.75/share target price (unchanged), based on our assumed mineral inventory of 50MSEO, valued at US\$3/oz and adjusted for options, warrants, and future equity, priced in the context of the current market.

#### DETAILS: Phase 4 Drill Program and Regional Assessment Underway

**Rich History, Promising Future:** Santa Ana now comprises more than 36,000ha of the Mariquita District of Colombia, home to the country's richest historic silver mines (see Fig. 1). Recovered grades from multiple veins are said to have exceeded 4 kg/t and more than four times that from a core area of colonial-era mines known as La Porfia, El Dorado, La Manta and La Obdulia. That core is where OCG's efforts have been focused to date, resulting in eight high-grade shoots being identified over a cumulative strike length of 2.1km and a projected depth of 350m.

**Resource Goal:** OCG has telegraphed expectations for 45-55MSEO averaging 550-750 gpt Ag-eq. The latter generally squares with our own analysis of the reported drill results – 1,350 Ag-eq., or 500 gpt Ag-eq. when we adjust for an assumed mining width of 1.8m, a factor applied by **Mandalay Resources Corp. (BUY; \$5.25 TP)** at its high-grade, narrow-vein Costerfield underground gold mine in Victoria, Australia. (True thicknesses are still unknown at Santa Ana, as is the underground mining method(s) to be assumed in the planned resource study.)

**Buying Opportunity:** If achieved, the guidance from OCG would place Santa Ana well in line with a select group of similar projects in our comps. It also would represent a considerable beat to what we believe the market is currently discounting (see Figs. 3 and 4 for more details).

**Delineation Program:** To support the maiden resource, OCG plans to add a third rig to complete up to 8,500m of definition drilling. The Company has also sent four 50kg composites of high- and low-grading material from the Ivan and Megapozo shoots for metallurgical testing at SGS. Results are expected in the coming weeks.

**Four More Shoots:** OCG has also budgeted 18,000m for exploration, with a goal of adding four more high-grade shoots (see Fig. 2). One rig is currently testing the El Dorado North area, where outcrop and float ran 0.77-3,838 gpt Ag and 0.01-29 gpt Au. A second rig is dedicated to targets located south of the known shoots and is currently testing Isabela, where float ran 573-1,190 gpt Ag and 1.56-12.45 gpt Ag.

**Mesothermal Origin:** Recent fluid inclusion and mineralogical studies on seven samples of core and outcrop point to a mesothermal, orogenic vein model for Santa Ana. This, in turn, suggests depth potential well beyond what is currently known, while bolstering the lateral extent suggested by regional efforts of both OCG and eastern neighbor **Baroyeca Gold & Silver Corp. (BGS-TSX; Not Rated)**.

#### ANALYST INFORMATION

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#### MARKET DATA

OCG - TSXV	\$0.26
TARGET:	\$0.75
PROJ. RETURN:	188%
VALUATION:	in situ

#### Share Data

Basic Shares O/S (M)	160
Fully Diluted (M)	254
Market Cap. (M)	\$42
Cash (M; 11/30/21)	\$2
Debt (M; 11/30/21)	\$0
Enterprise Value (M)	\$39
M&I Resources (000s oz)	na
Tot. Resources (000s oz)	na
EV/oz M&I (US\$/oz)	nm
EV/oz Resource (US\$/oz)	nm
Next Reporting Date	Apr. '22

#### THOMSON CHART – ONE YEAR



#### COMPANY PROFILE

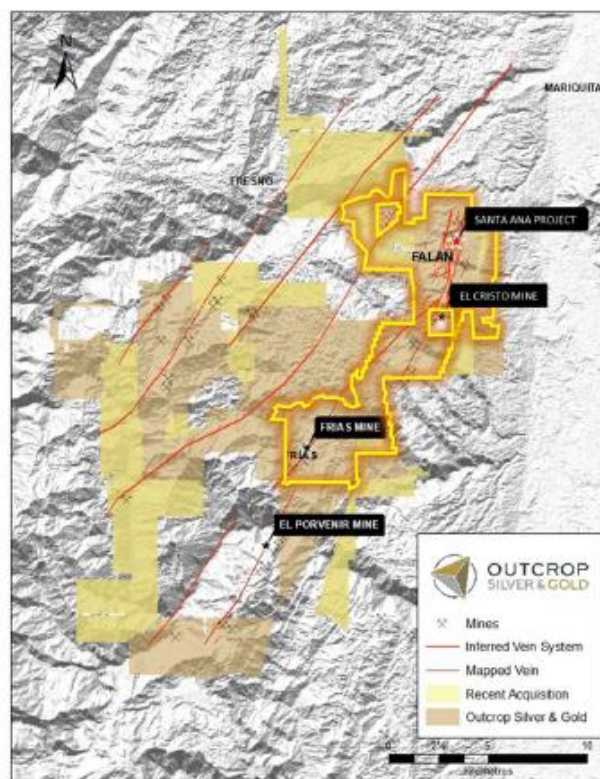
**Outcrop Silver & Gold Corp.** is a junior exploration company focused on precious metals in Colombia. The Company's flagship Santa Ana property contains among what are considered the country's richest historic silver mines, if not in all of Latin America.

#### UPCOMING EVENTS/CATALYSTS

Exploration Updates – Ongoing  
Maiden Resource – Q4/22

Figure 1: Outcrop Silver - Location of Santa Ana Project

- Extensive land position in the Mariquita province
- Located in Falan, north Tolima Department
- Supportive and safe jurisdiction
- 5,800 hectares in titles covering one of four northeast vein corridors.
- 36,000 hectare project titles and applications



Source: Company reports

Figure 2: Outcrop Silver - Core Area of Santa Ana Vein Structures and Higher-Grading Shoots

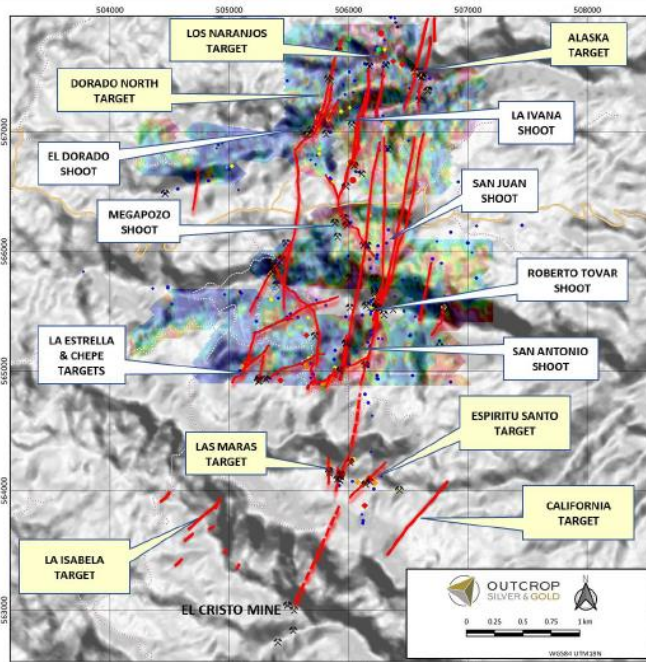
- Regional exploration works have identified 7 new targets with potential for high grade mineralization.
- Test-drilling in 2022.

**DORADO NORTH**

SampleNo	Sample Location	Sample Material	Au_Total	Ag_Total
RX3613	Murillo Creek	Float	2,264	680,05
RX2020	El Dorado Norte	Outcrop	9,12	668
RX3507	El Dorado Norte	Float	1,465	567
RX2407	El Dorado Norte	Float	2,14	545

**LOS NARANJOS & ALASKA**

SampleNo	Sample Location	Sample Material	Au_Total	Ag_Total
RX3494	Naranjo	Outcrop	9,22	1843,08
RX4860	Alaska	Shear Zone	1,533	1625,95
RX3481	Naranjo	Float	4,43	3969,47
RX3481	Naranjo	Float	3,627	3328,91
RX4858	Alaska	Float	7,2	3414,55
RX4859	Alaska	Float	0,672	2558,89
RX4884	Castañeda Creek	Float	3,844	1,384,244



**LA ISABELA**

SampleNo	Sample Material	Au ppm	Ag ppm
RX4952	Float	1,555	1189,53
RX4949	Float	12,45	1190,46
RX4948	Float	2,713	932,71
RX4689	Float	3,027	962,55
RX4699	Float	1,268	573,359

**MARAS & ESPIRITU SANTO**

SampleNo	LocalArea	Sample Material	Au_Total	Ag_Total
RX4206	El Vacan Creek	Float	4,172	5242,38
RX4193	Santo Espiritu Creek	Outcrop	5,89	1857,2
RX4246	Mara UG working	Float	6,74	1640,19
RX4249	Maras	Float	1,464	1519,56
RX4241	Mara UG working	Float	2,29	1517,08

**CALIFORNIA**

SampleNo	LocalArea	Sample Material	Au_Total	Ag_Total
RX4650	Laguna Creek	Float	64,75	1979,75
RX4649	Laguna Creek	Float	12,79	563,57
RX4651	Laguna Creek	Float	33,71	534,53

Source: Company reports

Figure 3: Outcrop Silver – Market Comparison of High-Grade Silver Explorers and Developers

Company	Share Price	52-wk. High	52-wk. Low	Shares (M)	Mkt. (M)	EV (US\$M)	SEO (000s oz) P&P	SEO (000s oz) M&I	SEO (000s oz) Tot.	(% Ag)	EV/SEO P&P	EV/SEO M&I	EV/SEO Tot.
SilverCrest Metals	\$11.62	\$12.99	\$8.30	145	\$1,686	\$1,185	87,288	99,677	126,891	56%	\$13.58	\$11.89	\$9.34
Kuya Silver	\$1.21	\$2.80	\$0.76	45	\$55	\$39	na	4,563	10,555	94%	-	\$8.53	\$3.69
Vizsla Silver	\$2.79	\$3.45	\$1.34	148	\$414	\$293	na	54,522	96,333	57%		\$5.37	\$3.04
Alexco Resource	\$2.42	\$4.01	\$1.70	155	\$376	\$283	38,209	90,603	124,161	97%	\$7.41	\$3.12	\$2.28
Aurcana Silver	\$0.32	\$1.10	\$0.28	309	\$99	\$93	15,218	34,167	51,270	90%	\$6.12	\$2.72	\$1.82
Dolly Varden Silver	\$0.84	\$0.88	\$0.42	303	\$254	\$130	na	46,744	135,270	47%	-	\$2.77	\$0.96
Mean											\$9.03	\$5.74	\$3.52
Median											\$7.41	\$4.24	\$2.66

**Note:** Silver-eq. (SEO) and silver-gold ratio based on RCC price forecasts of US\$1,850/oz and US\$25.50/oz; base metals excluded are excluded.

Non-Resource Companies				Mkt. Expectations			
Blackrock Silver	\$1.16	\$1.22	\$0.68	156	\$181	\$135	14,979
Summa Silver	\$1.27	\$1.71	\$0.80	77	\$98	\$74	8,138
Silver Mountain	\$0.38	\$0.48	\$0.38	186	\$71	\$50	5,503
Outcrop Silver & Gold	\$0.26	\$0.46	\$0.14	160	\$42	\$31	3,409
Baroyeca Gold & Silver	\$0.48	\$0.50	\$0.16	56	\$27	\$21	2,271

Source: Company reports, CapIQ, and RCC

Figure 4: Outcrop Silver – Table of Select High-Grade Silver-Gold Projects

	Location	Status	Tot. Res.	Grades (gpt)			Contained (000s oz)		
			(Kt)	Au	Ag	Ag-eq.	Au	Ag	SEO
Silvercrest Metals	SO, MX	Construction	3,900	6.04	566	1,004	757	70,950	125,848
Vizsla Silver	SI, MX	Resources (2022)	9,100	1.94	189	329	567	55,205	96,333
Alexco Resources	YT, CA	Production	6,341	0.27	589	609	55	120,203	124,161
Dolly Varden Silver	BC, CA	PEA (2020)	6,281	4.87	97	450	983	19,598	90,892
Dolly Varden Silver	BC, CA	Resource (2019)	4,702	na	294	294	na	44,378	44,378
Aurcana Silver	CO, USA	Pre-production	1,196	1.90	739	877	73	28,404	33,700
Aurcana Silver	TX, USA	PEA (2018)	1,887	na	290	290	na	17,570	17,570
Kuya Silver	HUV, PE	Resource (2022)	1,104	0.25	279	297	9	9,918	10,555
Average			4,314	2.54	380	519	407	45,778	67,930

**Note:** Tailings and stockpiles excluded from estimates, where applicable; SEO based on RCC price forecasts of US\$1,850/oz Au and US\$25.50/oz Ag.

Source: Company reports, and RCC



## RISKS

Outcrop Silver & Gold's projects are exposed to a variety of business risks, including, but not limited to: development or operating issues, including and more specially, negative exploration results; changes in permitting, environmental or tax regulations; and fluctuations in commodity prices or currency rates. External financing requirements are also key risks, owing to the company's status as an early-stage explorer and hence, lack of operating cash flows. There is no guarantee that the Company can successfully raise sufficient funds or attract a potential suitor to help finance future programs or support independent resource estimates, assuming available results would support such undertakings, let alone more advanced studies, such as a Preliminary Economic Assessment or Feasibility Study.

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2. RCC has holdings of this issuer.

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