

Silver Bullet Mines Inc. (TSXV:SBMI) "Hi-Yo Silver" and a Potential Copper Porphyry for this New Public Company & Near-term Producer

COMPANY DESCRIPTION:

Silver Bullet Mines Inc. ("SBMI" or "the Company") is a Canadian-based silver and copper exploration and development company that recently went public and raised over \$6 million. **SBMI's** main asset is the Black Diamond (BD) Property near Globe, Arizona, with silver and copper-gold porphyry projects. The BD Property hosts five past-producing, high-grade silver mines. The Company's current focus is the BD Property and restarting production the Buckeye Silver Mine in Q1/2022. The area around Globe is well known for its copper mines, thus **SBMI** is also exploring for copper-gold porphyry targets, with a focus on the exploration around the historical copper mines and the mineralized prospects on its property.

INVESTMENT THESIS AND UPCOMING CATALYSTS:

- **Near-term Cash Flow De-risks the Project:** Work is already underway to get the Buckeye Mine back into production in Q1/2022.
- **Pre-production Sweet Spot:** Research shows that exploration companies can experience upward stock price movement starting at the time they make a mine construction decision to the time of first pour.
- **Strong Management Team:** Management has extensive experience and geological knowledge of the region.
- **Fully Funded for 2021:** With its recent \$6.1 million oversubscribed financing, SBMI is fully funded to restart production at the Buckeye Mine and deliver on its 2021 exploration and development programs.
- **Upcoming Catalysts:**
 - **Buckeye Mine:** Restart of silver production expected in Q1/2022.
 - **BD Property & Other Projects:** Exploration results.

FINANCIAL ANALYSIS & VALUATION:

- The last financing was done in July 2021 at \$0.30 and a significant amount of site work has been completed at the Buckeye Mine since then.
- We value **SBMI** based on an estimate of \$11.25 million in cash flow over a 12-month period from restarting production at the Buckeye Mine.
- Assuming a 5x Cash Flow Multiple, this would value SBMI at \$0.80 per share based on the fully-diluted share count of 69.9 million shares. The fully diluted number assumes all options and warrants are exercised, which would increase the treasury by approximately \$6.1 million.
- **We are Initiating Coverage with a Speculative Buy rating and one-year price target of \$0.80.**

REVISIONS	Rev.	Prior
Rating	Spec. Buy	-
Target Price	\$0.80	-
Revenue F2020E (M)	\$0.0	-
Revenue F2021E (M)	\$11.3	-

MARKET DATA

Date:	Dec 7, 2021
Current Price (C\$):	\$0.30
52-Week Range:	\$0.25 / \$0.33
Shares O/S (M):	51.5
Mkt Cap (\$M):	\$15.4
EV (\$M):	\$11.4
Avg. Weekly Vol. (M)	0.72

Website: www.silverbulletmines.com

FINANCIALS

Fiscal Year End:	FYE (November 30)	
	F2021E	F2022E
Revenue (\$M)	\$0.0	\$11.3
	2019A	2021-Q2E
Cash (\$M)	n/a	\$3.1
Current Assets (\$M)	n/a	\$3.7
Net Cash (\$M)	n/a	\$3.3
Total Assets (\$M)	n/a	\$5.1
Debt (\$M)	n/a	\$0.2
Total Liabilities (\$M)	n/a	\$0.5

Source: Company Reports, S&P Capital IQ,

Chris Thompson, CFA, MBA, P.Eng.
Director of Equity Research

All figures in CAD unless otherwise stated.

Table of Contents

INVESTMENT THESIS – WHY INVEST IN SILVER BULLET MINES	3
COMPANY OVERVIEW	4
LISTING THROUGH A QUALIFYING TRANSACTION	6
SBMI’S KEY SHORT-TERM OBJECTIVES	7
SBMI PROJECTS	9
1. Black Diamond (BD) Property and the Buckeye Mine	9
2. McMorris Mine	14
3. Copper Porphyry Exploration in Arizona	16
4. Washington Mine in Idaho	20
FINANCIAL STATEMENT, CAPITAL STRUCTURE, & CASH POSITION	21
VALUATION	25
APPENDIX A: KEY MANAGEMENT & BOARD OF DIRECTORS	28
APPENDIX B: RECENT NEWS RELEASES	30
APPENDIX C: SILVER COMPARISON COMPANIES	32
APPENDIX D: SELECTED PHOTOS FROM SBMI’S SOCIAL MEDIA UPDATES ON THE BUCKEYE SILVER MINE PROJECT SITE	33
APPENDIX E: KEY ARIZONA COPPER MINES AND PROJECTS	38
APPENDIX F: COMPANY RISKS	39
APPENDIX G: MERGER & ACQUISITION ACTIVITY IN MINING	40
APPENDIX H: SILVER INDUSTRY OVERVIEW	42
APPENDIX I: RESEARCH DISCLOSURE	45

Investment Thesis – Why Invest in Silver Bullet Mines

Near-term Cash Flow from the Restart of the Buckeye Mine

Imminent cash flow de-risks the project. Work is already underway to get the Buckeye Mine back into production in Q1/2022 and a 125 tons-per-day mill is being commissioned. In 2017, current management, as part of a previous company, mined 5 tonnes at the Buckeye Mine from which 500 ounces of silver were produced as a proof of concept for the technical viability of the project. The plan is to restart the Buckeye Mine and then use the cash flow to explore and develop the other historical mines of the Richmond Basin.

Pre-production Sweet Spot

SBMI is in the pre-production “Sweet Spot” – research shows that exploration companies can experience upward stock price movement starting at the time they make a mine construction decision to the time of first pour.

Solid Buckeye Mine Site Infrastructure

There is substantial infrastructure associated with the 2017 test mining program at the Buckeye Mine site, including portable offices, a septic system, drill pads, a water evaporation pond, a portal, and a 91m (300 foot) decline to underground workings. The Company also owns its own mining equipment and recently opened a new in-camp assay lab that should reduce costs and increase efficiencies. Site construction continued throughout the summer and continues, see Appendix D for more details.

District-scale Exploration Potential in an Area that is Rich in Silver and Copper

The BD Property includes 232 contiguous Bureau of Land Management (BLM) mineral claims and 0.063 square kilometres (15.5 acres) of patented claims, multiple shafts, and over 74 adits from several historical silver mines including the Buckeye, La Plata, McMorris, and Silver Seven mines.

Strong Management Team

SBMI has an experienced management team with diverse commercial, market, and technical expertise, and have been involved in exploration and development projects since 1986. As previously mentioned, the past-producing Buckeye Mine was reopened and test mined in 2017. Many of the current members of **SBMI's** management team were involved in this endeavour. Based on their long-standing experience and geological knowledge of the region, the Company is well-positioned to take advantage of the exploration opportunities.

Fully Funded for 2021 and Beyond

With its recent \$6.1 million financing, **SBMI** is fully funded for the restart of production at the Buckeye Mine and to deliver on its 2021 exploration and drilling programs.

Mining-friendly Jurisdiction

The area around Globe, Arizona, is a world-class mining region and a mining-friendly jurisdiction, well known for its copper mines. The BD property is road accessible from the city of Globe, providing good infrastructure support including power and a large and skilled workforce.

Upcoming Catalysts

- (i) **Buckeye Mine, Arizona:** Installation of the Mill and the restart of silver production expected in FQ1/2022.
- (ii) **BD Property and other Projects:** Exploration results from planned field work programs.
- (iii) **Financial statements:** Financial reporting of FQ1/2022 or FQ2/2022 results highlighting silver production and operating costs.

Company Overview

Silver Bullet Mines Inc. is a Canadian-based silver and copper exploration and development company that was incorporated in April 2020.

The Company is registered under the federal laws of Canada with a corporate address of 2036 Salvator Boulevard, Oakville, Ontario, L6L 1M7, Canada.

SBMI is both asset- and cash-rich as it owns a 100% interest in the BD Property near Globe, Arizona, with silver and copper-gold porphyry projects, and 100% interest in other projects in Idaho and Nevada. SBMI recently raised \$6.1 million as part of a Reverse Takeover (RTO) process that it believes will fund the Company until it can start cash flowing from a small-scale, continuous bulk sampling operation.

The Company's current focus is the BD Property. **SBMI** entered into an agreement with **Black Diamond Exploration** to acquire the property in May 2020 and it was transferred to **SBMI** in September 2020.

Since September 2020, **SBMI** focused on silver exploration at the BD Property and preliminary site work to become a near-term silver producer with production targeted during the first quarter in 2022.

The area around Globe is a mining-friendly jurisdiction and also well known for its copper mines. Therefore **SBMI** also plans to explore for copper-gold porphyry targets, with a focus on the historical copper mines and the mineralized prospects on its BD Property.

In addition, the Company is testing mineralized vein material from its Washington Mine project in Idaho to evaluate the silver content for the potential of toll milling.

Figure 1: SBMI – Black Diamond Project, Near Globe, Arizona



Source: AllAreaCodes.com; eResearch Corp.

An experienced management team with diverse commercial, market, and technical expertise supports **SBMI**. The BD Property hosts the past-producing Buckeye Mine, which was reopened and test mined in 2017 by another company under a lease agreement from the previous landowners. Many of the current members of **SBMI's** management were involved in this endeavour. Based on their long-standing experience and geological knowledge of the region, the Company is well-positioned to take advantage of the exploration opportunities.



SBMI holds six wholly owned subsidiary companies:

1. Black Diamond Exploration Inc.,
2. Silver Bullet Holdings Inc.,
3. Silver Bullet Arizona Inc.,
4. Silver Bullet Idaho Inc.,
5. Silver Bullet Arizona LLC, and
6. Silver Bullet Mines LLC.

Figure 2 illustrates the corporate structure of **SBMI** and intercorporate relationships.

Figure 2: SBMI Corporate Structure



Source: Pinehurst Capital Filing Statement (September 27, 2021)

SBMI trades on the TSX Venture Exchange (TSXV) under the ticker **SBMI**.

Listing Through a Qualifying Transaction

SBMI entered into the Canadian public stock market through a Qualifying Transaction with **Pinehurst Capital I Inc.** ("Pinehurst"; TSXV:PHT.P).

In Canada, besides an Initial Public Offering (IPO), another way to go public is through an RTO. In an RTO, a listed company, that holds very few assets (often called a Shell or Capital Pool Company (CPC)), acquires a private company and the private company shareholders receive shares to become the controlling shareholders of the listed company.

In this case, in November 2020, **Pinehurst** and **SBMI** signed an agreement where **Pinehurst** agreed to acquire **SBMI**. **Pinehurst** is a Canadian-based CPC and was already listed on the TSXV.

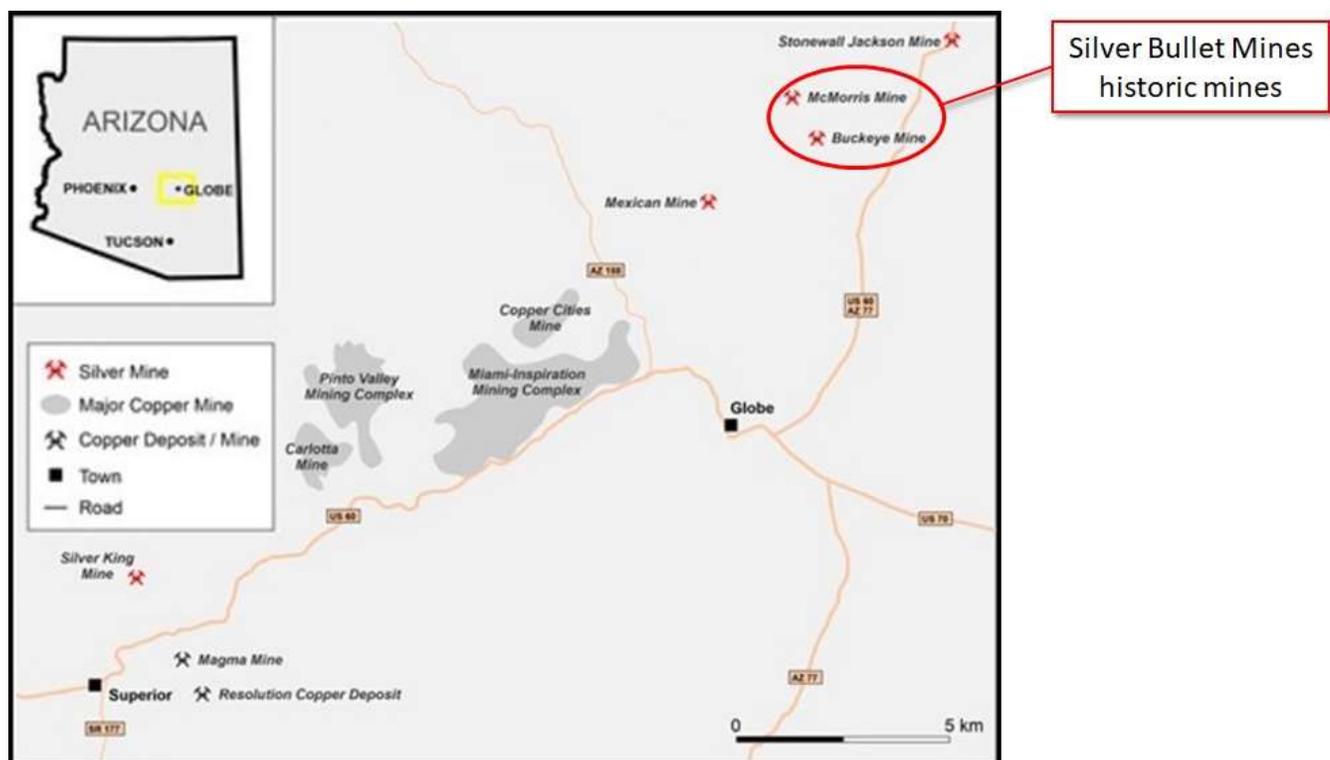
The merger resulted in a reverse takeover whereby **Pinehurst** issued shares to **SBMI's** shareholders and **SBMI** took control of the combined merged public company to carry on the business as **Silver Bullet Mines Inc.** Its shares will trade under the symbol SBMI.

As part of the agreement and to finance the transaction, **SBMI** was required to raise at least \$3.0 million by issuing units at a price of \$0.30 per unit. Each unit was comprised of one common share and one-half of one common share purchase warrant with each whole warrant exercisable for one common share at an exercise price of \$0.50 for a two-year term.

As of June 24, 2021, **SBMI** raised \$4.3 million and issued 14.3 million units at a price of \$0.30 per unit but, in a recent disclosure, the Company announced that it raised over \$6.1 million before it finally closed the financing.

The proceeds from the financing will be used to fund the exploration program on the BD Property, to restart the Buckeye Silver Mine, and for general working capital.

Figure 3: Copper & Silver Deposits & Mines near Globe, Arizona



Source: Silver One Resources; eResearch Corp.

SBMI's Key Short-term Objectives

As part of the RTO process, **Pinehurst** commissioned an NI 43-101 Technical Report on the BD Property that was released in January 2021 and is currently available on [SEDAR](#) and **SBMI's website**.

The report outlined recommendations for Phase 1 and Phase 2 exploration that included exploration on the Buckeye patent lands for copper-silver anomalies, Buckeye mine site development, and mill site selection, preparation, and operations.

The Company intends to use the proceeds from the recent financing to achieve the following exploration and development plans (Figure 4). See "APPENDIX D: SOCIAL MEDIA UPDATES" for recent photos from the Buckeye Project site.

The current risk for SBMI is that it holds projects in the early phases of operations and exploration. SBMI is still waiting for certain mill components to arrive and various supply chain issues, including delays at the Port of Los Angeles, could affect the mill production start date. However, if there were any delays to mill restart, the Company could proceed with regional exploration.

Mine Development:

- Buckeye Mine, Arizona:
 - **Phase 1, Year 1:** Spend \$0.8 million to access mineralization through decline and upgrade surface infrastructure, and to start bulk sampling.
 - **Phase 1, Year 2:** Allocate \$0.45 million to continue drifting, and bulk sampling.
- Black Diamond, Arizona:
 - **Phase 2:** The plan is to earmark \$2.0 million or more to mine development.
 - This project would be funded from working capital until positive cash flow from the restarted Buckeye Mine bulk sampling project begins.

Exploration:

- Black Diamond, Arizona:
 - **Phase 1, Year 1:** Spend \$0.28 million for the expansion of geochemistry grids, mapping, identify high-grade mineralization controls/location.
 - **Phase 1, Year 2:** Allocate \$1.0 million for the continuation of geochemistry, mapping, sampling, initial drilling of high-grade mineralization areas, and copper target testing.
- Buckeye Mine, Arizona:
 - **Phase 1, Year 1:** Spend \$0.3 million to identify high-grade ore shoots through sampling, mapping, and confirmatory drilling.
 - **Phase 1, Year 2:** Allocate \$0.25 million to continue defining mineralization through drilling and sampling.
- **Phase 2:** The plan is to spend \$2.0 million or more to silver and copper target definition.
 - **SBMI** believes that grid soil sampling conducted on the BD Property can be a great tool to vector in on porphyry and skarn mineralization.

In addition, **SBMI** also outlined short-term key objectives for the Company that included:

1. Exploration and the restart of the Buckeye Silver Mine in Arizona;
2. Confirmatory drilling to support the restart of the McMorris Mine in Arizona;
3. Confirmatory and exploration drilling on high-grade silver targets in Arizona and Idaho;
4. Draft a plan to potentially bulk sample the Washington Mine in Idaho;
5. Explore for copper porphyry targets in Arizona.

Figure 4: SBMI Exploration and Development Programs

Silver Bullet Mines Exploration And Development Program				
Estimates				
	Phase 1		Phase 2	
	Year 1	Year 2		
Buckeye Patent				
Exploration				
Surface Map/Sample	25,000			
Underground Map/Sample	10,000			
Results/Analysis/Report	10,000			
Underground Drill/Sample	255,000	250,000		
	Subtotal	300,000	250,000	0
Buckeye Mine Site				
Development / Bulk Sampling	Year 1	Year 2		
Mine Site Infrastructure	40,000			
HDPE Liner in Evaporation Pond	15,000			
Reinforce Portal	25,000			
Enlarge Decline	100,000			
Drift Development	500,000	200,000		
Rehab West Portal	50,000			
Drill Station	20,000	50,000		
Bulk Sampling	50,000	200,000		
	Subtotal	800,000	450,000	0
Black Diamond Property				
	Year 1	Year 2		
Permitting	25,000	20,000		20,000
Geochemistry grids / sampling	60,000	75,000		50,000
Hyperspectral Ground truthing	30,000	25,000		25,000
Results/Analysis/Report	110,000	100,000		100,000
McMorris Area Map/sampling	50,000	15,000		10,000
Black Copper Area Map/sampling		30,000		10,000
East Structural Trend Map/Sampling		30,000		10,000
South Structural Trend Map/Sampling		30,000		10,000
Magnetometer Surveys		25,000		25,000
Results/Analysis/Report		75,000		75,000
McMorris Mines Underground Map/Sampling		100,000		100,000
McMorris\ Drilling		150,000		200,000
Results/Analysis/Report		50,000		75,000
Copper Porphyry Target Selection		50,000		60,000
IP Surveys/Reports/Review		125,000		100,000
Copper Skarn Target Drilling		100,000		100,000
	Subtotal	275,000	1,000,000	970,000
Globe Area Patents				
	Year 1	Year 2		
Site surveys/ Sampling/Reports/Analysis				150,000
Mill site selection and acquisition				75,000
Mill Equipment				440,000
Water Well permitting and drilling				25,000
Mill Site preparation				75,000
Mill Equipment Installation and Testing				100,000
	Subtotal	0	0	865,000
	Phase 1	Phase 2		
	Year 1	Year 2		
Contingency	150,000	190,000		205,000
Total	1,525,000	1,890,000		2,040,000

Source: Pinehurst Capital Filing Statement (September 27, 2021)

SBMI Projects

1. Black Diamond (BD) Property and the Buckeye Mine

Spread over an area of over 19.4 square kilometres (4,790 acres), partially within the Tonto National Forest, the BD Property is located in the Miami-Globe area of Gila Country in central Arizona, approximately 145 km (90 miles) east of Phoenix, Arizona, and centred on the Richmond Basin, 14.5 km (9 miles) north of the city of Globe.

The property is road accessible from the city of Globe and supported by this mining centre's good infrastructure including power and a large and skilled workforce. There is no power line to the property but the closest location for power is only 8 km (5 miles) southwest of the property.

The BD Property includes 232 contiguous BLM mineral claims and 0.063 square kilometres (15.5 acres) of patented claims, multiple shafts, and over 74 adits from several historical silver mines including:

1. Buckeye Mine;
2. La Plata Mine;
3. McMorris Mine;
4. Silver Seven Mine.

BD Property History

Although there were high-grade silver discoveries in the 1870s, the modern-day BD property work began in the 1980s that included a significant amount of historic mining development and silver exploration.

Local legend has it that the writer of the *Lone Ranger* radio series visited the area and was fascinated by the stories of the Apache using hammered silver placer nuggets as bullets in the late 1800s. The writer then incorporated the silver bullet as the Lone Ranger's calling card and a new legend was started.

More recently, the property was worked by various other mining operators, including **Trueclaim Exploration (US) Inc.** and **Northern Sphere Mining Inc.**, throughout the early 2000s, with over \$5.6 million spent on the project since 2010.

The work by **Northern Sphere** included a test mining program that was completed in 2017 and resulted in the production of approximately 500 ounces of silver in doré bars.

More recently, some of **SBMI's** current Directors invested over \$0.9 million on the maintenance and development of the BD Property.

SBMI intends to continue a bulk sampling and test mining program on its patent claims and is planning to explore for silver and copper mineralization on the BD property in the area of the Globe mining camp.

SBMI is planning to process and recover metals from the Buckeye Mine bulk sampling program at its own offsite mill located on 100% owned private land in the Globe-Miami area. This site will allow for better exploration and development of the patent lands at Buckeye and the BD project.

There is not an NI 43-101 resource for the BD Property and the Company did not released a timetable of when or if an NI 43-101 resource will be published.

SBMI's projects benefit from the fact that it owns its land or holds 100% interest with only a NSR on the Buckeye patent that is leased. Therefore there are no ongoing option costs, there are only taxes and BLM claim fees annually.

BD Property Historical Timeline and Historical Assays

1963-1964: The Blue Quail Mining Company drilled two diamond drill holes 305 m (1,000 feet) west of the McMorris Mine and one hole was reported to have returned an interval of 2,228 g/t of silver (65 oz/ton). Blue Quail reported that the vein averaged 1.8 to 2.1 m (6 to 7 feet) wide along their workings.

1962-1965: A Field Engineer's Report with the Department of Mineral Resources, Arizona, on the McMorris Mine in late 1962 and early 1965 reported that the mine was inactive.

The mine infrastructure was listed as having:

- Vertical shaft 1: 600-650 feet (183-198 m) deep, used by McMorris Mining Co. from 1875 to 1893;
- Vertical shaft 2: 200 feet (61 m) vertical shaft about 1,000 feet (305 m) east of Shaft 1 and last used in 1916-1918;
- Vertical shaft 3: 150 feet (46 m) vertical shaft about 1,000 feet (305 m) west of shaft 1, deepened by Blue Quail Mining from 49 feet (14.9 m) to 150 feet (46 m) in 1963.

The McMorris vein is reported as a vertical vein from 6 to 7 feet (2 m) wide and traceable for over 4,000 feet (1219 m). Samples from the ore dumps and vein ranged from 2.4 to 7.8 oz/ton (82.3-267.4 g/t).

1980-1984: Gold Dome Mining Corp. reported that it leased 18 claims covering the La Plata and McMorris mines for exploration, development, and a 50 ton/day (45 tonne/day) pilot mill. **Gold Dome** reported that over US\$150,000 was spent on tunnelling, milling, mapping, assaying, and metallurgical work from 1980-1984.

1986: K&M Mining acquired the claims and started rehabilitation of the McMorris and La Plata mines' shafts and underground drifts. Sampling reported that the McMorris vein on the 100 level returned a grade of 61.73 oz/ton (2,116.5 g/t) silver; sample across a quartz vein in a raise assayed 77.6 oz/ton (2,660.6 g/t) silver and, a sample along a north-south structure returned 29.3 oz/ton (1,004.6 g/t) silver over 3 feet (1 m). The total estimated work on the project was approximately US\$350,000.

2008: Black Diamond Exploration, Inc. staked in the Richmond Basin with 130 claims covering the La Plata and McMorris mines in a rectangular block of approximately 2,685 acres.

2010-2013: In early 2010, **Trueclaim Exploration Inc.** optioned the property. An additional 52 claims were added to the project in the year 2012. After spending approximately \$1.2 million on exploration, **Trueclaim** auctioned the property in 2013.

2015-2017: Northern Sphere Mining Inc. (NSMI) optioned the 182-claim package from Black Diamond Exploration. In 2017, another 50 claims were added to the Black Diamond Property project, bringing the total claims to 232. In 2017, 5 tonnes of silver vein material was mined in a bulk sample at the Buckeye Mine from which 500 ounces of silver were produced. **NSMI** spent approximately \$3.4 million on exploration on the BD Property.

2020: The 232 claims of the BD Property were purchased by **Silver Bullet Mines** in May 2020 from **Black Diamond Exploration, Inc.** through a purchase agreement and undertakes a previous lease agreement with the patent holders on the Buckeye, Newton, and Red Robin patents. The BD Property was transferred from **Black Diamond Exploration** to **SBMI** through a subsequent transaction in September 2020.

2020: On November 12, 2020, **Pinehurst Capital I** and **Silver Bullet Mines** signed a Definitive Agreement, where **Pinehurst Capital I** has agreed to acquire all of the common shares of **SBMI**.

2021: On September 29, 2021, **Pinehurst Capital I** announced that it has received conditional approval from the TSXV for its proposed qualifying transaction with Silver Bullet Mines Inc.

The Importance of Patented Mining Claims

A mining claim enables the claimholder the right to extract minerals from public land. In the United States, the practice started with the California Gold Rush of 1849, was legalized by the US Congress in 1866, and then amended into the Mining Act of 1872.

In the United States, there are two types of claims – patented and unpatented mining claims.

A mining claim starts out as an unpatented claim and the claimholder only holds a right to the minerals, not the surface land itself. In addition, the claimholder is also subject to all the permitting processes required by the various levels of government.

With a patented claim, the federal government issues a patent (deed) so the claimholder now owns the land above and the minerals below. Patented claims exist in perpetuity and with certain activities, such as drilling, patented claimholders do not need to apply for a drilling permit so this often speeds up exploration activities.

Buckeye Mine – Doré Bars Production (2017)

Exploration over the past 10 years on the BD property included: geological and geophysical mapping, soil sampling, and the rehabilitation of the Buckeye mine decline to gain access to the silver veins.

In order to put Buckeye back into production, the previous owners spent \$1.8 million between 2016 and 2017 on the project, including drilling 14 holes (1,500 metres).

In 2016, the previous owners upgraded the site with a better office and storage pad, security trailer, and improved site roads for easier access. Further upgrades were made with an evaporation pond, water tank and septic system, and temporary ventilation and pumping system. The central decline portal was secured and the mine was cleared to the vein face.

In early 2017, the project obtained a blasting permit from the **US Department of Justice**, which was used for the development of the Buckeye Mine. **SBMI** believes this explosive permit is in good standing and can be used for the planned development on the Buckeye Patent and for future mining operations on the BD Property.

A series of high-grade silver veins (Ag-Au-Pb-Cu) was accessed during the program that could possibly be a result of granitic intrusions or distinct phyllic and argillic alteration. Expansion of the soil sampling program and standard exploration methodologies will help identify mineralization source and style.

Five tons of mineralized silver vein material were transported to the mill with the grade as high as 50 to 200 ounces per ton (oz/ton) silver. The silver ore was processed off-site near Globe at the Company's mill facility with crushing and simple gravity recovery. The gravity concentrate was smelted to doré bars.

Nearly 500 ounces of silver were produced from the mine, providing a proof of concept that the silver can be mined and recovered.

Only limited exploration programs were conducted so far, and that too at only specific, targeted areas on the BD Property. The full extent of the mineralization and hosting structures are yet to be investigated in the upcoming programs, which include continuation of the test mining and bulk sampling.

Figure 5: Silver Doré Bars Produced from the Buckeye Mine 2017



Source: SBMI Twitter Feed

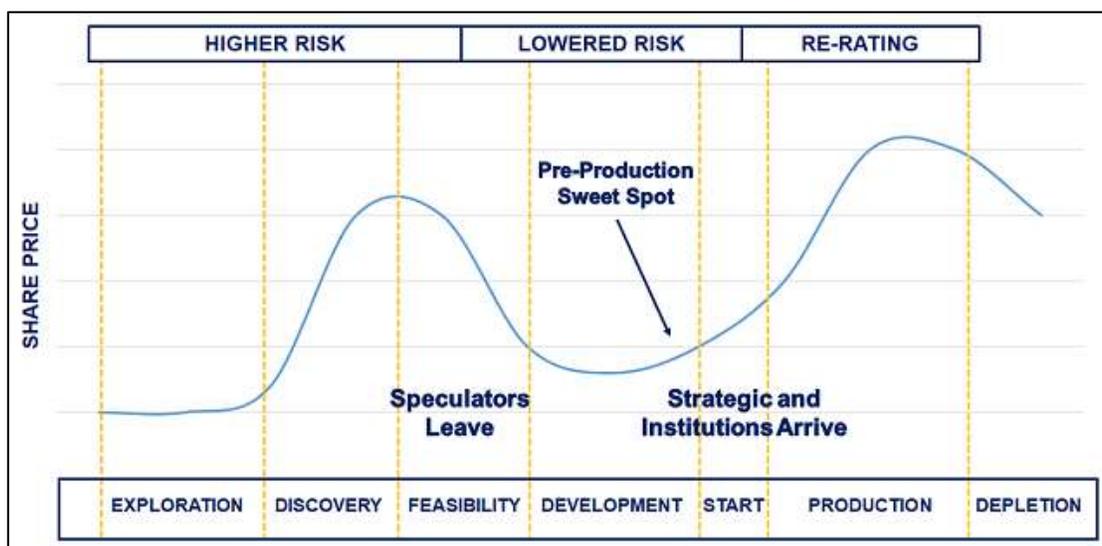
What is the Pre-production “Sweet Spot”?

Research shows that exploration companies can experience upward stock price movement starting at the time they make a mine construction decision to the time of first pour. During this time, the company is changing from investing in the asset to receiving cash flow from the asset.

As illustrated in the Lassonde Curve in Figure 6, as the company transitions from Development to Start, the relative value often increases and, once into Production, there is often a valuation re-rating once full-scale production starts.

In addition, according to the research, more than 90% of companies that initiate mine construction are successful. The completion of a mine de-risks the investment.

Figure 6: The Lassonde Curve – Life Cycle of a Mine Project vs. Share Price



Source: eResearch Corp.

Buckeye Mine – Patent Land – Ready for Mining Restart

The Buckeye claim is a 0.065 square kilometres (16 acres) patented land package on the BD Property that was first registered in 1882. The Buckeye patent is fully contained within the east-central part of the Black Diamond claim block.

The Buckeye claim hosts the past-producing Buckeye Mine, which was reopened and test mined in 2017 by another company under a lease agreement from the previous landowners. Many of the current members of **SBMI's** management were involved in this endeavour.

At the Buckeye Mine site, there is substantial infrastructure associated with the 2017 test mining program including portable offices, a septic system, drill pads, a water evaporation pond, a portal, and a 91m (300 foot) decline to underground workings. The Company also owns its own mining equipment.

A lease agreement between **SBMI** and the patent holders exists on the patents, which states that the Lessor (**SBMI**) holds rights for water, exploration for minerals, and the construction, development and operation of a mine on the Buckeye Patent. Included in the Buckeye lease are two additional patents, the Red Robin mine patent (0.064 square kilometres / 15.7 acres) and the Newton Mine patent (0.068 ha square kilometres / 16.9 acres). In addition, there is not any NSR's on the Red Robin Mine and Newton Mine patents. The lease agreement with the local landowners pertaining to Buckeye is in good standing and valid for 17 more years.

For a low-cost and quick restart of mining operations, confirmatory drilling with limited permitting is required. The recent infrastructure investment and development of the mine (completion of test mining and bulk underground sampling), and the proven silver beneficiation work (mining and milling processes), allows for a restart of the mine that should take less than one year. Since the process was started in late 2020, **SBMI** is confident that it can restart production at the mine in Q1/2022.

SBMI is in the Pre-production "Sweet Spot"

Currently, SBMI is in the pre-production "Sweet Spot" as the Buckeye Mine ramps up for production that is targeted for the first quarter of next year.

In March 2020, SBMI advised that it entered into a contract with DENM Engineering Ltd. to upgrade SBMI's current pilot plant on its property in Arizona. The contract included engineering and procurement of equipment for the plant to a designed maximum processing capability of 125 tons of feed material per day.

The plant consists of three main modules: (1) crushing, (2) grinding, and (3) gravity. The plant will be built on SBMI's 65-acre property located just outside Globe.

Mineralization in the vein was drilled in 2017 and showed the vein intercepts ranged from 0.3 m to 6.1 m (1 to 20 feet), extending vertically for almost 400 m (1,300 feet) below the mine workings.

SBMI also contracted an excavation company to work with its geological team to expose the Buckeye vein at surface to determine structural orientation and locate higher-grade mineralization zones along the structure.

This development and bulk sampling from the surface and underground at the Buckeye Mine are designed to build a stockpile of mineralized vein material to feed the pilot plant.

More recently, SBMI announced the completion of an in-house assay facility that should enable SBMI to determine sample mineralization grade on a continuous basis and to confirm recoveries.

The Company recently opened a new on-site assay lab (Figure 7) that should enable SBMI to quickly determine sample mineralization grade on a continuous basis and to confirm recoveries. The on-site lab should reduce costs and increase efficiencies, thereby increasing the expected free cash flow.

Figure 7: New On-site Assay Lab



Source: SBMI Twitter Feed

2. McMorris Mine

Once the Buckeye Mine is re-opened and cash flowing, **SBMI** plans to carry out confirmatory and exploration drilling on the high-grade targets around the McMorris Mine. This area comprises roughly 20% of the BD Property's surface area.

The McMorris Mine on the BD Property is a three-level mine, which consists of several drifts and shafts. The deepest shaft descends to 200 metres (650 feet).

The McMorris Mine produced silver between 1875 and 1893. The mineralization at the mine area is similar in nature to that of the Buckeye Mine.

Although the old workings need to be accessed and rehabilitated, the underground access for the mine is in place and allows for future exploration and development.

Grades from underground sampling at the McMorris Mine returned 45 oz/ton silver in ore shoots with average grade in the remaining vein estimated at 10 oz/ton. The resource potential is estimated at approximately 5 million ounces of silver over a 2,800-foot strike length. (Note: This is a historical estimate and not an NI 43-101 resource.)

Recent sampling on the McMorris Vein was done by **Trueclaim Exploration** in 2011 and focused on six accessible old trenches. The best sampling results at the McMorris Mine included a 4.6 m (15 foot) section along the McMorris Vein grading 1,138 g/t Ag (33 oz/ton).

According to a geological report completed in 1987, using \$7 silver and \$450 gold, the McMorris Mine on its own had the potential for US\$487.3 million of *in situ* silver and gold. (Note: This is a historical estimate and not based on an NI 43-101 technical report.)

The Arizona Silver Belt

Much of this silver mining activity in Arizona is focused on southern Gila County and the northern area of Pinal County that appears to be the northern end of the silver district that extends into Mexico.

This area became known as Arizona's "silver belt" and millions of dollars' worth of silver was taken from regional mines including the Buckeye, Old Dominion, Silver Queen, McMorris, Stonewall Jackson, and Silver King.

Figure 8: Gila and Pinal Counties of the Arizona Silver Belt



Source: referencedesk.com; [eResearch.com](http://eresearch.com)

In the Richmond Basin, the silver mineralization is commonly observed in association with chalcopyrite, argentite, and tennantite with native silver occurring as nuggets and less commonly as wires.

In 2020, **Silver One Resources Inc. (TSXV:SVE)** discovered multiple surface vein fragments (see Figure 9) that were interpreted to have been transported a short distance downslope from an exposed vein structure at its project near Globe, Arizona. The largest fragment was 190 kg (417 lbs) and a specific gravity test indicated that it contained high-grade silver. A smaller 8.5 kg (18.7 lbs) fragment that was also found and assayed returned 469,000 g/t (16,688 oz/ton) silver.

Figure 9: Silver Fragments from Silver One's Phoenix Silver Project, near Globe, Arizona



Source: Silver One News Release (February 2020)

3. Copper Porphyry Exploration in Arizona

In addition to silver, **SBMI** is also actively exploring for a copper and gold porphyry system on the BD Property, as there are four copper porphyry deposits located within a 50 km radius of the BD Property.

Copper Targets on the BD Property

In 2017 and 2018, a soil sampling program was carried out over roughly 10% of the BD Property that returned areas of anomalous copper. **SBMI** believes the BD Property has the potential for three copper-gold porphyry zones, which are identified as the Richmond Basin, Buckeye South, and Black Copper.

Initial results from the first 250 geochemical samples taken in the Richmond Basin area yielded anomalous copper values of 1,040 parts per million (ppm), 552 ppm, and 340 ppm along with the silver value of up to 344 grams per tonne (g/t).

At Black Copper (formerly known as the Iron Nugget Prospect), the best sample returned 7.45% copper with over 2 g/t (0.058 oz/t) of gold.

However, more exploration in terms of sampling and drilling is required to ensure that the property is copper porphyry. **SBMI** hopes that the expansion of the soil sampling program and standard exploration methodologies will help identify mineralization source and style.

Figure 10: Magnetite with Azurite Surface Sample from the Black Copper Prospect



Source: *BD Property NI 43-101 Technical Report (2021)*

The Arizona Copper Belt

According to the US Geological Survey (USGS), Arizona is a leader in the US for copper mining, producing 68% of the domestic copper, and generating US\$5.46 billion of production in 2017, compared with US\$43.3 million of silver production.

Arizona has three major types of copper deposits: (1) porphyry copper in southern and central Arizona; (2) volcanogenic massive sulfide (VMS) copper deposits in central Arizona; and (3) copper-bearing breccia pipes in northern Arizona.

Figure 11 illustrates the major northwest-trending belt of copper mineralization across Arizona. The southeastern part of the copper belt is dominated by porphyry copper and associated gold, lead, silver, and zinc deposits.

Porphyry copper deposits are copper ore bodies that are formed from hydrothermal fluids that originate from a voluminous magma chamber several kilometres below the deposit itself.

Figure 11: Copper Porphyry Trends and Locations; Black Diamond Property in Red



Source: *BD Property NI 43-101 Technical Report (2021); eResearch Corp.*

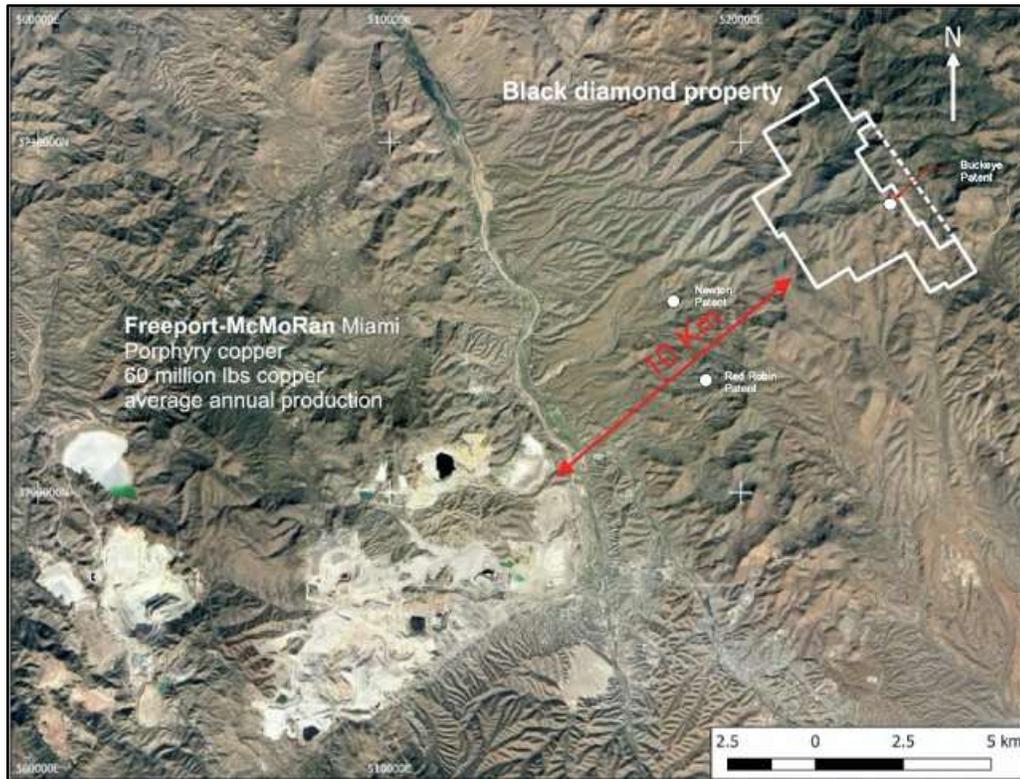
The first major mine of the Globe-Miami copper camp, the Old Dominion, produced over 850 million pounds of copper, plus silver and gold during its 50 years of operations. This deposit highlights one style of potential target on the property.

The Globe-Miami copper camp has been in continuous operations since the 1870s and is a major copper mining and production centre. The area currently hosts several other copper mines, including **Asarco's**

Ray Mine, **BHP's (ASX:BHP)** Copper City Mine, **BHP & Rio Tinto's (LSE:RIO)** Resolution Mine, and **Capstone's (TSX:CS)** Pinto Valley Mine. See "[Appendix D: Key Arizona Copper Mines and Projects](#)" for additional details on the major companies operating in the area.

As seen in Figure 12, the Freeport-McMoRan (NYSE:FCX) porphyry copper mining operation is only 10 km from the BD Property.

Figure 12: BD Property – Located 10 km from the Freeport-McMoRan's Porphyry Copper Miami Operations



Source: *BD Property NI 43-101 Technical Report (2021); eResearch Corp.*

Why Copper? The Electrification of the World Shines a Light on Battery Metals

Copper, lithium, nickel, cobalt, manganese, and graphite are important metals used in the production of modern lithium batteries that power electric vehicles (EVs) and energy storage devices. The demand for these metals continues to increase as the world transitions into EVs and more renewable forms of energy.

Batteries still compose the major cost of EV production and are increasing in demand as more companies announce efforts to move to electric. One of the largest problems with the adoption of sustainable energy is the storage of the energy generated for when the energy is no longer being produced.

In a report published by **Research and Markets**, the global battery metals market was sized at US\$11.3 billion in 2019 and is expected to reach US\$20.5 billion by 2027, growing at a rate of over 8% per year.

The development of better batteries facilitates the adoption of more sustainable forms of green energy and copper to build the electricity grid. The demand for the metals used in the production of these batteries is increasing and will continue to increase into the future.

Figure 13: Battery Metals Applications

APPLICATIONS	MINERALS					
	Copper Cu	Cobalt Co	Nickel Ni	Lead Pb	Silver Ag	Zinc Zn
Batteries	☑	☑	☑	☑	☑	☑
Electronics	☑	☑	☑		☑	
Grid	☑	☑	☑		☑	
Mobility	☑	☑	☑		☑	
Solar Power	☑		☑	☑	☑	☑
Wind Power	☑	☑	☑	☑	☑	☑

Source: eResearch Corp.

4. Washington Mine in Idaho

In December 2020, **SBMI** added another historical high-grade silver mine when it acquired the Washington Mine located near Idaho City, Idaho, with good infrastructure nearby.

This mine consists of 0.45 square kilometres (118.88 acres) and is located on patented mining lands owned 100% by the Company. It is located in the Idaho City Mining District (Boise Basin), which is now part of the Boise National Forest.

It is a vein-type deposit of precious metals. The property is unique among those in Boise Basin in that it hosts both gold and silver veins.

From historical documents, the remaining vein material from old stockpiles near the adit at the Washington Mine suggests a silver-rich mineralized system. In a 1924 Idaho Bureau of Mines and Geology report, it was recounted that no effort was made to mine or treat the silver ore and material from the oxidized zone contained "considerable native silver".

SBMI is currently exploring sampling the mineralization to determine the potential for toll-mining the vein mineralization if the grades are economically sufficient. This sampling in Idaho might take place over the next quarter or early 2022.

Financial Statement, Capital Structure, & Cash Position

As previously mentioned, **SBMI** entered the Canadian public stock market through an RTO with **Pinehurst** and started trading on October 21, 2021.

During the RTO process, **Pinehurst** issued shares to **SBMI's** shareholders and took control of the combined merged public company to carry on the business as **Silver Bullet Mines Inc.** The shares trade under the symbol SBMI.

As part of the agreement and to finance the transaction, **SBMI** was required to raise at least \$3.0 million by issuing units at a price of \$0.30 per unit that comprised one common share and one-half of one common share purchase warrant.

As of June 24, 2021, **SBMI** had raised \$4.3 million and issued 14.3 million units at a price of \$0.30 per unit but, in a recent disclosure, the Company announced that it raised over \$6.1 million before it finally closed the financing.

In April 2021, **Pinehurst** released audited annual financial statements for the year ending December 31, 2020 (Figure 14). These numbers are relatively unhelpful as they relate only to Pinehurst as a CPC, and are what we would expect from a CPC.

On June 28, 2021, **Pinehurst** released an unaudited summary of **SBMI's** significant financial information as at May 31, 2021, which is set out below in Figure 15.

In **Pinehurst's** Filing Statement (dated September 27, 2021), it stated that the Pro Forma Total Assets were \$5.08 million and the Total Liabilities were \$0.5 million (Figure 16). We expect the Company to release consolidated financial statements with the next quarterly release.

Figure 14: Balance Sheet from Pinehurst's Audited Annual Financial Statements

PINEHURST CAPITAL BALANCE SHEET (\$C) - As of June 30, 2021			
ASSETS	Jun. 30, 2021	Dec. 31, 2020	Dec. 31, 2019
Current Assets - Cash	\$146,687	\$168,659	\$240,286
TOTAL ASSETS	\$146,687	\$168,659	\$240,286
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts Payable & Accrued Liabilities	\$2,901	\$19,867	\$7,616
TOTAL LIABILITIES	\$2,901	\$19,867	\$7,616
SHAREHOLDERS' EQUITY			
Share Capital	\$376,660	\$330,815	\$330,815
Warrants	\$0	\$15,845	\$15,845
Contributed Surplus	\$44,784	\$44,784	\$44,784
Deficit	-\$277,658	-\$242,652	-\$158,774
	\$143,786	\$148,792	\$232,670
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$146,687	\$168,659	\$240,286

Source: Pinehurst Annual Report (2020); eResearch Corp.

Figure 15: Balance Sheet from SBMI's Unaudited Summary of Significant Financial Information

SBMI BALANCE SHEET (\$C)		
ASSETS	May 31, 2021	Nov. 30, 2020
Current Assets		
Cash	\$2,675,779	\$96,814
Other Current Assets	\$602,764	\$98,297
Capital Assets	\$1,132,386	\$0
TOTAL ASSETS	\$4,410,929	\$195,111
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable	\$263,099	\$140,467
Other Current Liabilities	\$12,000	\$338,078
Non-Current Liabilities		
Note Payable	\$223,075	\$0
TOTAL LIABILITIES	\$498,174	\$478,545
SHAREHOLDERS' EQUITY	\$3,912,755	-\$283,434
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$4,410,929	\$195,111

Source: Pinehurst News Release (June 2021)

Figure 16: SBMI & Pinehurst Consolidated Balance Sheet

SBMI-PINEHURST PRO-FORMA CONSOLIDATED BALANCE SHEET (\$C)	
ASSETS	Jun. 30, 2021
Current Assets	
Cash	\$3,144,692
Other Current Assets	\$602,764
Capital Assets	\$1,332,386
TOTAL ASSETS	\$5,079,842
LIABILITIES AND SHAREHOLDERS' EQUITY	
Current Liabilities	
Accounts Payable	\$266,000
Other Current Liabilities	\$0
Non-Current Liabilities	
Note Payable	\$223,075
TOTAL LIABILITIES	\$489,075
SHAREHOLDERS' EQUITY	
Share Capital	\$9,898,381
Warrants	\$1,187,664
Contributed Surplus	\$337,000
Deficit	-\$6,832,278
	\$4,590,767
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$5,079,842

Source: Pinehurst Capital Filing Statement (September 27, 2021)

In **Pinehurst's** Filing Statement (dated September 27, 2021), Figure 17 illustrates **SBMI's** working capital following completion of the amalgamation. The amounts shown in the table are estimates only and are based on the available information at the time indicated from **Pinehurst** and **SBMI**.

Figure 17: Consolidated Working Capital as of August 31, 2021

Source	Date	As of August 31, 2021
Estimated Pinehurst working capital	June 30, 2021	\$143,786
Estimated Silver Bullet working capital	May 31, 2021	\$3,003,444
Gross proceeds from Silver Bullet Financing	May 31, 2021 to August 31, 2021	\$1,087,776
Working capital used	May 31, 2021 to August 31, 2021	-\$550,000
TOTAL		\$3,685,006

Source: Pinehurst Capital Filing Statement (September 27, 2021)

Share Count and Capitalization and Shareholders

Figure 18 sets forth the number and price at which securities of **SBMI** have been sold from inception until July 8, 2021.

Figure 18: Number and Price of Shares Issued by SBMI

Date	Type of Security	Issue Price per Security (\$)	Number of Securities
April 28, 2020	Silver Bullet Common Shares	1.00	1
September 27, 2020	Silver Bullet Common Shares	0.12	30,000,000
February 6, 2021 (1)	Silver Bullet Units	0.30	1,401,276
February 26, 2021 (1)	Silver Bullet Units	0.30	1,863,258
March 5, 2021 (1)	Silver Bullet Units	0.30	200,000
March 5, 2021 (2)	Silver Bullet Units	0.225	674,666
March 25, 2021 (1)	Silver Bullet Units	0.30	1,537,383
April 5, 2021 (1)	Silver Bullet Units	0.30	3,769,647
April 19, 2021 (1)	Silver Bullet Units	0.30	2,612,000
May 6, 2021 (1)	Silver Bullet Units	0.30	850,000
May 28, 2021 (1)	Silver Bullet Units	0.30	1,181,667
June 14, 2021 (1)	Silver Bullet Units	0.30	885,001
June 29, 2021 (1)	Silver Bullet Units	0.30	2,327,585
July 8, 2021 (1)	Silver Bullet Units	0.30	453,333
<i>Sub-total</i>			47,755,817
February 26, 2021(2)	Silver Bullet Units	0.225	315,555
March 25, 2021 (2)	Silver Bullet Units	0.225	3,413,333
<i>Sub-total</i>			3,728,888
TOTAL			51,484,705

Source: Pinehurst Capital Filing Statement (September 27, 2021)

As of the last financing announcement, we estimate that **SBMI** has 55.7 million common shares, 14.2 million stock options and warrants, for a Fully Diluted share count of 69.9 million shares. If exercised, we value the options and warrants at almost \$6.1 million. (Figure 19)

In **Pinehurst's** Filing Statement (dated September 27, 2021), it stated that there are approximately 55,458,038 shares issued and outstanding, on an undiluted basis. The amount is in-line with our estimates and will be adjusted following the release of **SBMI's** next quarterly financials.

Figure 19: Company Capitalization eResearch Estimate (as of September 27, 2021)

	Number of Shares	Number of Options/Warrants	Conversion Price	Fully Diluted	Derivative Conversion
Silver Bullet Mines Inc.					
SBMI Outstanding Shares	30,000,000			30,000,000	
SBMI Options		3,000,000	\$0.30	3,000,000	\$900,000
Pinehurst Capital I					
Pinehurst Outstanding Shares & Converted Options/Warrants	2,700,000			2,700,000	
RTO Financing					
Assuming \$5.1M @\$0.30	17,755,816	8,877,908	\$0.50	26,633,724	\$4,438,954
Debt Conversion Shares	3,728,888	1,864,444	\$0.30	5,593,332	\$559,333
Compensation Fees					
	25,000			25,000	
Financing Finder's Fees					
		500,000	\$0.50	500,000	\$250,000
CPC Finder's Fees					
	1,500,000			1,500,000	
Fully Diluted Share Count	55,709,704	14,242,352		69,952,056	\$6,148,287

Source: Company Reports; eResearch Corp.

The shareholdings of each Insider, Promoter, and Control Person of Pinehurst and **SBMI**, and their respective Associates and Affiliates after giving effect to the Consolidation and Amalgamation, calculated on a non-diluted basis, are set out below in Figure 20. However, this chart may not reflect the proper share allocation amongst shareholders once all escrow conditions have been satisfied.

Figure 20: Insider Shareholding

Insider, Promoter or Control Person	SBMI Shares	
	Number	Percentage
David Rosenkrantz Director, CEO and CFO of Pinehurst	177,338	0.30%
Ilana Prusky, Director of Pinehurst	130,670	0.20%
Jon Wiesblatt, Director of Pinehurst and proposed Director of SBMI	46,668	0.10%
Maurice Kagan, Director of Pinehurst	46,668	0.10%
John Leja, President and Director of Pinehurst	177,338	0.30%
Daniel Tobon, Director and Corporate secretary of Pinehurst	177,338	0.30%
Shael Soberano, Director and Treasurer of Pinehurst	177,338	0.30%
John Carter, CEO and Director of SBMI	15,000,001	27.00%
Ron Wortel, President and Director of SBMI	3,000,000	5.40%
Ron Murphy, VP Mining and Director of SBMI	3,000,000	5.40%
Peter Clausi, VP Capital Markets and Director of SBMI	25,000	0.01%
Eric Balog, Director of SBMI	3,000,000	5.40%
Brian Crawford, CFO and Corporate Secretary of SBMI	Nil	Nil
	24,958,359	44.81%

Source: Pinehurst Capital Filing Statement (September 27, 2021)

Valuation

We are Initiating Coverage on Silver Bullet Mines with a one-year Price Target of \$0.80 and a Speculative Buy Rating.

We are valuing **SBMI** based on the upcoming small-scale production starting in Q1/2022 at the Buckeye Mine with the assumptions mentioned below.

At this time, we are not assigning any value to the other projects including:

- The restart of the McMorris Mine in Arizona;
- Copper porphyry opportunities on the BD Property in Arizona; or
- The Washington Mine silver project in Idaho.

Buckeye Mine:

- We have created a mini-mine production model based on some assumptions from our research on the project and other area mines.
- We also are assuming that the Company can continue to find economic mineral resources at the Buckeye Mine or surrounding historical mines to keep the mill operating past year 1.
- For a base-case, we assumed 80% utilization of the mill, 300 production days per year, operating costs of US\$10/ounce, a grade of 20 ounces of silver per ton, and a silver price of US\$25/ounce.
- The operating cost estimate was derived from researching similar small-scale production projects (see [Figure 23](#)).
 - From **Aurcana's** Virginius Mine Feasibility Study, we estimated the cost at US\$12.50 per ounce.
 - From **Aura 360° Mining's** Gold Road Mine production and cost guidance for 2021, we estimated the cost at US\$9.75 per ounce.
 - We concluded that operating costs of US\$10/ounce were a reasonable estimate.
- The grade estimate was based on some recent mining activity at the site. In 2017, a previous owner mined 5 tonnes at the Buckeye Mine from which 500 ounces of silver were produced – the grade would be the equivalent of 100 ounces per ton. Therefore 20 ounces per ton is only 20% of the most recent production grade.
- From our assumptions, these factors would generate US\$9.0 million (\$11.25 million) over 12 months (see [Figure 21](#)).
- In [Figure 22](#), we provided a Sensitivity Analysis chart to calculate the impact of changes to our assumptions.
- **Assuming a 5x Cash Flow Multiple and a Net Debt of \$0, these factors would value SBMI at \$56.25 million or \$0.80 per share based on the fully diluted share count of 69.9 million shares.**
- The Cash Flow multiple was derived from the Silver Comp table in [Appendix C](#) and used EBITDA as a proxy for Cash Flow. For production companies, the EV/EBITDA multiple has an average of 11.4x and a median of 9.8x. Since **SBMI's** mine is in the pre-production stage, we discounted the multiple by 50% of the average.

We are Initiating Coverage on Silver Bullet Mines with a one-year Price Target of \$0.80 and a Speculative Buy Rating.

Figure 21: Buckeye Mine Production with Assumptions

Buckeye Mine and Mill	
Mill Capacity (tpd)	125
Utilization (assumption)	80%
Actual Production (tpd)	100
Number of production days per month (assumption)	25
Number of production days per year	300
All-in-Costs (US\$ per ounce) (assumption)	\$10.00
Silver Price (US\$ per ounce) (assumption)	\$25.00
Profit (US\$ per ounce)	\$15.00
Assumed Grade (ounce / ton) (assumption)	20
Production per Year (ounces)	600,000
Mine Profit per Year (US\$)	\$9,000,000
Mine Profit per Year (C\$)	\$11,250,000

Source: eResearch Corp.

Figure 22: Sensitivity Chart for the Buckeye Mine Production

		SILVER PRICE (US\$/oz)						
		\$15	\$20	\$25	\$30	\$35		
GRADE (oz/t)	5	\$0.88	\$1.88	\$3.19	\$4.26	\$5.40	\$8	ALL-IN-COSTS (US\$)
	10	\$1.50	\$3.44	\$6.00	\$8.14	\$10.40	\$9	
	20	\$2.50	\$6.25	\$11.25	\$15.50	\$20.00	\$10	
	30		\$4.69	\$11.25	\$17.44	\$24.00	\$15	
	40			\$7.50	\$15.50	\$24.00	\$20	
		200	250	300	310	320		
		PRODUCTION DAYS						

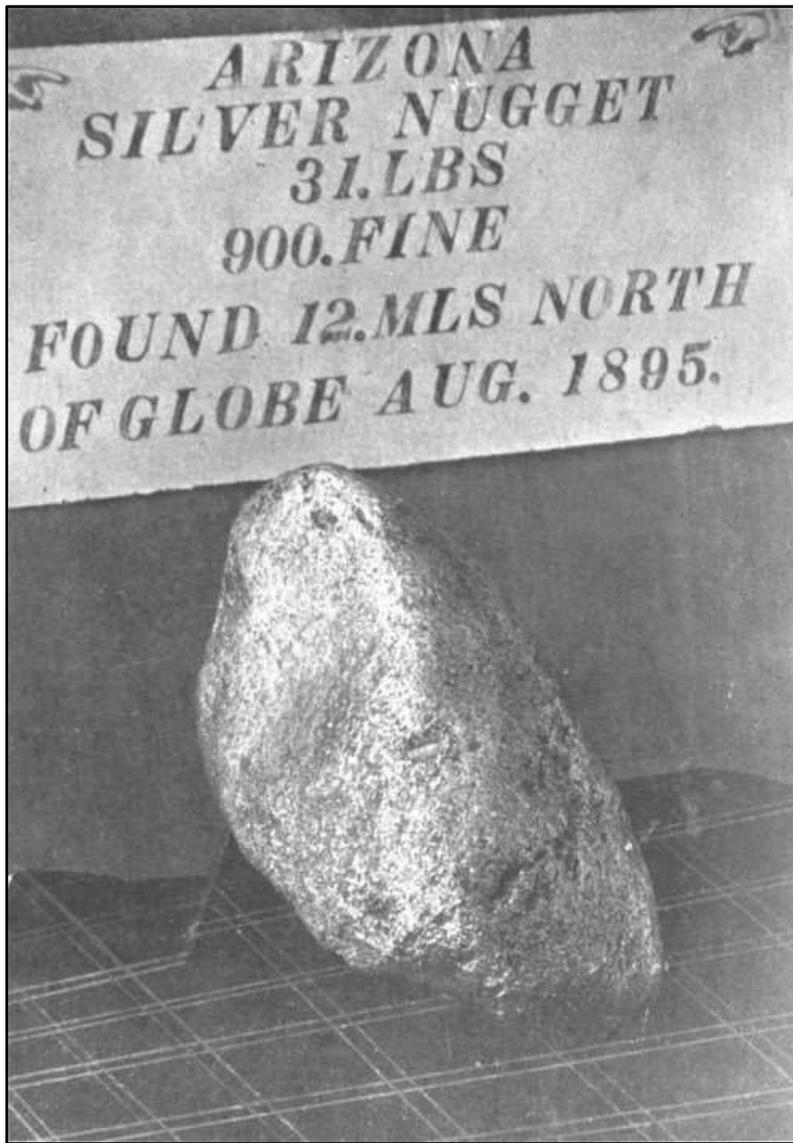
Source: eResearch Corp.

Figure 23: Operating Cost Estimates from Comparable Small-scale Production Projects

COMPANY	Aurcana Corp.	Aura 360° Mining
MINE LOCATION	Virginus Mine Colorado	Gold Road Mine Arizona
SOURCE	Feasibility Study	2021 Production Guidance
DATE	2018	2021
MINE TYPE	Underground	Underground
MINERAL	Silver	Gold
OPERATING COSTS	US\$250/t	US\$195/t
SBMI EST. PRODUCTION	30,000 t/year	30,000 t/year
ANNUAL COST	US\$7,500,000	US\$5,850,000
EST. OUNCES / YEAR	600,000	600,000
EST. COST/OUNCE	US\$12.50	US\$9.75

Source: Company Reports; eResearch Corp.

Figure 24: Silver Mining near Globe, Arizona, Dating Back to 1895 with 30 lbs Nugget



Source: History of Mining in Arizona (1991)

Appendix A: Key Management & Board of Directors

Management

John Carter, Chief Executive Officer and Director

- Mr. Carter has over 40 years of mining experience with international experience in mineral processing and mill design.
- He has been president of various publicly listed junior mineral exploration companies, including **Northern Sphere Mining Corp. (OTC:NSMCF)** that owned various assets within **Silver Bullet Mines** and he guided the exploration and test mining of the **Buckeye Mine** in Arizona.

Ronald J. Wortel, MBA, P.Eng., President and Director

- Mr. Wortel holds over 30 years of experience in technical project evaluations, due diligence investigations and financing, and also worked as an equity research analyst for several investment companies. Mr. Wortel is a licensed professional engineer and serves as the company's QP for NI 43-101 purposes.
- He is the CEO of **Golden Investment Intelligence**, a consulting company and serves as and advisor to Tartisan Nickel Corp (CSE:TN).
- Mr. Wortel holds a Bachelor of Applied Sciences degree from the University of Waterloo and an MBA from the Ivey Business School at Western University, in London, Ontario.

Brian L. Crawford, CPA, CA Chief Financial Officer and Corporate Secretary

- Mr. Crawford has over 30 years of operational experience in senior financial executive roles in both private and public companies.
- He is a former Partner at **BDO** and currently serves as CFO or Director of several companies including **CBLT (TSXV:CBLT)**, **Colibri Resource (TSXV:CBI)**, **Portofino Resources (TSXV:POR)**, and **Tempus Capital (CNSX:TEMP)**.
- Mr. Crawford is a Certified Public Accountant (CPA) and holds a Bachelor of Commerce degree from the University of Toronto.

Ron Murphy, Vice President – Mining and Director

- Mr. Murphy has over 30 years of operational experience in developing small underground mines in the western US, including the Buckeye and McMorris mines.
- He serves as President of **Black Diamond Exploration** and **Oro de Nevada Mining**, and operates a mining safety training school in Superior, Arizona.
- Mr. Murphy holds a Bachelor of Business Administration degree from the University of British Columbia.

Peter M. Clausi, Vice President – Capital Markets and Director

- Mr. Clausi is an experienced lawyer, investment banker, shareholder rights activist, and public company executive.
- He currently serves as President and CEO of **CBLT (TSXV:CBLT)**, as an Independent Director at **Camrova Mining (TSXV:CAV)**, and is an Investment Banker at **Brant Capital Partners**, among other senior executive roles.
- Mr. Clausi holds a Bachelor of Arts degree from Laurentian University and a J.D. from the Osgoode Hall Law School of York University in Toronto.

Board of Directors**John Carter, Chief Executive Officer and Director**

- See biography above.

Ronald J. Wortel, President and Director

- See biography above.

Ron Murphy, Vice President – Mining and Director

- See biography above.

Peter M. Clausi, Vice President – Capital Markets and Director

- See biography above.

Eric Balog, Director

- Mr. Balog has been a mining-focused investor relations professional since 2000.
- He served as VP of Corporate Development at **Northern Sphere Mining (OTC:NSMCF)** and as Director at **First Canadian Capital** and **Trinity Wood Capital**.

Jonathan Wiesblatt, Director

- Mr. Wiesblatt is a specialist in investment management and has experience in the financial industry in various roles with a focus on the mining industry.
- He currently serves as the CEO of **Rockridge Resources (TSXV:ROCK)**. Previously he was an Investment Consultant at **Reichmann International Development** and a Portfolio Manager at **Ninepoint Partners** and **Sprott (TSX:SII)**.
- Mr. Wiesblatt is a Chartered Investment Manager (CIM) and holds a Bachelor of Arts degree from the University of Western Ontario, in London, Ontario.

J. Birks Bovaird, Director

- Mr. Bovaird serves as an Independent Director for various public and private companies including **Energy Fuels Inc. (TSX:EFR)**, **Stone Gold Inc. (TSXV:STG)**, and **Noble Mineral Exploration Inc. (TSXV:NOB)** with a focus on corporate financial consulting and strategic planning services to natural resource companies.
- He served as a Vice President of Corporate Finance at Grant Thornton from 1998 to 2002.
- Mr. Bovaird is a graduate of Concordia University in Montreal and completed the Directors Education Program of the Institute of Corporate Directors at the Rotman School of Business and holds the ICD.D designation.

Appendix B: Recent News Releases

Pinehurst Capital I Announces Filing of Filing Statement September 29, 2021

- **Pinehurst** announced that it has received conditional approval from the TSXV for its proposed qualifying transaction with **SBMI** reported in **Pinehurst** news releases dated November 12, 2020 and June 28, 2021.
- A Filing Statement with respect to the transaction, dated September 27, 2021, has been filed with the TSXV and applicable Canadian securities regulators, and is available at www.sedar.com.

Pinehurst Capital I Reports on Transaction with Silver Bullet Mines June 28, 2021

- **Pinehurst** and **SBMI** entered into a binding definitive agreement effective on November 12, 2020, in which the Parties intend to complete a business combination transaction. This transaction is subject to applicable shareholder and regulatory approvals and results in a reverse takeover of **Pinehurst** by **SBMI**.
- According to the Definitive Agreement, all the issued and outstanding common shares of **SBMI** will be acquired by **Pinehurst** for common shares of **Pinehurst** on an exchange ratio of 1:1.
- Assuming the closing of an additional \$717,000 under the private placement financing, **Pinehurst** will issue up to 51.1 million common shares to the shareholders of **SBMI** to account for 100% of the outstanding common shares of **SBMI**.
- As of June 24, 2021, **SBMI** raised \$4.3 million and issued 14.3 million units at a price of \$0.30, with each unit consisting of one common share and one-half of one common share purchase warrant, with each whole warrant being exercisable for one common share at an exercise price of \$0.50 for a two-year term.

Pinehurst Capital I Announces Minor Amendments to Agreement with Silver Bullet Mines Inc. and Provides Financing Update March 29, 2021

- **Pinehurst Capital I** provides an update on the Transaction and associated financing.
- Some minor amendments were made as follows: (i) the outside date to closing the Transaction has been extended to April 30, 2021; (ii) **SBMI** Financing refers to one or more non-brokered private placements of securities of **SBMI** for minimum aggregated gross proceeds of exactly \$2,009,200.

Pinehurst Capital I Provides Update on Silver Bullet Mines Transaction March 10, 2021

- **SBMI** entered into a contract with **DENM Engineering** of Burlington, Ontario, to upgrade **SBMI**'s current pilot plant on its property in Arizona. The upgrade will allow the plant to process up to 125 tons of feed material.
- The plant is comprised of three main expandable and transportable modules: crushing, grinding, and gravity. The location of the plant is on **SBMI**'s 65-acre mining patent property just outside Globe, Arizona.

**Pinehurst Announces Entering into a Definitive Agreement with Silver Bullet Mines
November 12, 2020**

- **Pinehurst Capital I** and **SBMI** announced that the Parties have entered into a binding definitive agreement effective on November 12, 2020, in which they intend to complete a business combination transaction that will result in a reverse takeover of **Pinehurst** by **SBMI**.
- **Pinehurst** and **SBMI** also announced that they are in receipt of a technical report dated November 3, 2020, titled "Black Diamond Property, Gila County, Arizona" prepared by Robert G. Komarechka, P.Geo. The report is in accordance with the National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") in respect of the Property and available on the **SBMI** website.
- **SBMI** seeks a financing at a minimum of \$3 million through a non-brokered private placement that should be done by the issuance of units at a price of \$0.30 per Unit. Each Unit will consist of one common share and one-half of one common share purchase warrant. Each whole warrant will be exercisable for one common share at an exercise price of \$0.50 for a two-year term.

**Pinehurst Capital Announces Start of Exploration at QT Target in Arizona and Provides
Details on Contemplated Financing
October 2, 2020**

- **SBMI** informed **Pinehurst** that the next stage of exploration, including the evaluation of drill targets, is underway. **SBMI** owns a 100% interest in the **Black Diamond Property** which consists of 232 mineral claims (4,900 acres), located 91 km west of Phoenix, Arizona. The Property includes several past-producing silver mines including the **McMorris, La Plata, and Buckeye**.
- **SBMI** announced the non-brokered private placement of aggregate proceeds of not less than \$3 million by the issuance of Units at a price of \$0.30 per Unit will be completed.
- The proceeds of the Private Placement will be used to fund the recommended exploration program on the Property, continuing operating expenses, and for general working capital purposes.

**Pinehurst Capital I Announces Qualifying Transaction with Silver Bullet Mines, an Arizona-
based Silver Exploration Company
August 27, 2020**

- **Pinehurst Capital I**, a CPC listed on the TSXV, announced its proposed arm's length qualifying transaction with **SBMI**, a mining company focused on silver exploration with its primary asset being the **Black Diamond Property** located near Globe, Arizona.
- **Pinehurst** entered into a letter of intent with **SBMI** dated August 26, 2020, pursuant to which **Pinehurst** and **SBMI** have agreed to complete a business combination whereby **Pinehurst** will be the parent company and own 100% of the issued and outstanding securities of **SBMI**.

Appendix C: Silver Comparison Companies

COMPANY NAME	TICKER	PRICE	CASH (M)	DEBT (M)	EV (M)	EBITDA (M)	EV/EBITDA
PRODUCTION COMPANIES							
Altaley Mining Corp.	TSXV:ATLY	\$0.40	\$11.35	\$44.17	\$135.14	\$16.85	8.0
Austral Gold Limited	TSXV:AGLD	\$0.09	\$5.85	\$10.06	\$57.67	\$23.97	2.4
Avino Silver & Gold Mines Ltd	TSX:ASM	\$1.19	\$22.34	\$1.06	\$94.74	-\$6.39	
Aya Gold & Silver	TSX:AYA	\$10.00	\$85.32	\$0.51	\$950.28	\$12.53	75.8
Endeavour Silver	TSX:EDR	\$6.44	\$108.12	\$7.98	\$971.54	\$44.36	21.9
Excellon Resources	TSX:EXN	\$1.64	\$4.95	\$9.45	\$59.90	\$1.25	48.0
GoGold Resources Inc.	TSX:GGD	\$3.74	\$73.45	\$1.35	\$950.12	\$52.76	18.0
Golden Minerals	TSX:AUMN	\$0.52	\$8.90	\$0.73	\$59.55	-\$3.36	
Great Panther Mining Ltd.	TSX:GPR	\$0.33	\$35.86	\$53.68	\$169.53	\$21.49	7.9
Hochschild Mining	LSE:HOC	\$1.39	£256.93	£209.81	£729.91	\$348.95	2.1
IMPACT Silver Corp.	TSXV:IPT	\$0.56	\$21.58	\$0.26	\$60.05	\$2.68	22.4
MAG Silver	TSX:MAG	\$21.54	\$31.71	\$0.41	\$2,007.44	-\$10.60	
New Pacific Metals Corp.	TSX:NUAG	\$4.00	\$43.49	\$0.00	\$567.24	-\$5.21	
Pan American Silver	TSX:PAAS	\$33.56	\$315.45	\$65.77	\$6,747.25	\$627.20	10.8
Santacruz Silver Mining Ltd.	TSXV:SCZ	\$0.33	\$9.31	\$16.12	\$117.41	-\$2.00	
Silvercorp Metals Inc.	TSX:SVM	\$5.35	\$221.05	\$1.42	\$796.36	\$95.55	8.3
SSR Mining	TSX:SSRM	\$23.30	\$881.57	\$459.99	\$4,993.66	\$742.52	6.7
Average (<100x)							19.4
Median							10.8
NEAR-TERM PRODUCTION							
Aurcana Corp	TSXV:AUN	\$0.41	\$6.06	\$21.34	\$137.62		
Bayhourse Silver	TSXV: BHS	\$0.11	\$1.36	\$0.88	\$21.82		
Silver Bullet Mines Inc.	TSXV: SBMI	<i>pending</i>					
PEA STAGE							
AbraSilver Resources	TSXV:ABRA	\$0.43	\$21.19	\$0.03	\$178.58	-\$13.28	
Alexco Resource Corp.	TSX:AXU	\$2.69	\$22.20	\$6.39	\$385.97	-\$17.90	
Defiance Silver	TSXV:DEF	\$0.48	\$20.83	\$0.00	\$84.88	\$0.00	
Integra Resources Corp.	TSXV:ITR	\$2.92	\$29.79	\$2.01	\$153.57	-\$39.27	
NI 43-101 RESOURCE STAGE							
American Pacific Mining Corp.	CNSX:USGD	\$1.20	\$4.50	\$0.00	\$124.17	-\$2.30	
Brixton Metals	TSXV:BBB	\$0.19	\$5.02	\$0.06	\$31.63	-\$11.42	
CMC Metals Ltd.	TSXV:CMB	\$0.12	\$1.58	\$0.52	\$9.84	-\$1.73	
Discover Silver Corp.	TSXV:DSV	\$1.86	\$72.90	\$0.05	\$542.72	-\$34.90	
Dolly Varden Silver Corp.	TSXV:DV	\$0.61	\$17.45	\$0.00	\$62.39	-\$9.45	
Metallic Metals Corp.	TSXV:MMG	\$0.50	\$6.31	\$0.00	\$62.22	-\$8.52	
Monarca Minerals Inc.	TSXV:MMN	\$0.07	\$1.24	\$1.25	\$8.42	-\$2.06	
Orex Minerals Inc.	TSXV:REX	\$0.10	\$5.04	\$0.00	\$12.76	-\$2.19	
Reyna Silver Corp.	TSXV:RSLV	\$0.88	\$10.91	\$0.00	\$77.91	\$0.00	
Silver Tiger Metals Inc.	TSXV:SLVR	\$0.61	\$20.59	\$0.03	\$139.17	-\$1.64	
Silver Viper Minerals Corp.	TSXV:VIPR	\$0.48	\$3.25	\$0.00	\$39.98	-\$7.93	
Silver X Mining Corp.	TSXV:AGX	\$0.35	\$0.95	\$0.00	\$41.11	-\$4.91	
Sterling Metals Corp.	TSXV:SAG	\$0.30	\$5.28	\$0.00	\$9.21	\$0.00	
RESOURCE DEFINITION STAGE							
Arizona Silver Exploration	TSXV:AZS	\$0.20	\$1.07	\$0.00	\$10.21	\$0.00	
Blackrock Silver Corp.	TSXV:BRC	\$0.95	\$9.52	\$0.00	\$135.40	-\$28.27	
Canuc Resources	TSXV:CDA	\$0.19	\$2.60	\$0.11	\$18.35	\$0.00	
Golden Tag Resources	TSXV:GOG	\$0.30	\$7.00	\$0.00	\$50.30	\$0.00	
GR Silver	TSXV:GRSL	\$0.32	\$11.13	\$0.00	\$42.37	-\$12.82	
Kootenay Silver	TSXV:KTN	\$0.22	\$4.64	\$0.00	\$65.92	-\$2.51	
Minaurum Gold Inc.	TSXV:MGG	\$0.33	\$11.31	\$0.00	\$109.23	\$0.00	
Outcrop Gold	TSXV:OCG	\$0.19	\$7.80	\$0.00	\$17.40	-\$10.90	
Ridgeline Minerals	TSXV:RDG	\$0.32	\$2.46	\$0.11	\$14.57	\$0.00	
Sierra Madre Gold & Silver Ltd.	TSXV:SM	\$0.50	\$14.84	\$0.00	\$17.13	\$0.00	
Silver Predator Corp.	TSXV:SPD	\$0.14	\$0.02	\$0.32	\$4.29	\$0.00	
Southern Silver Exploration Corp.	TSXV:SSV	\$0.37	\$18.31	\$0.00	\$88.07	\$0.00	
Summa Silver	TSXV:SSVR	\$0.98	\$11.34	\$0.00	\$51.17	\$0.00	

Source: S&P Capital IQ; eResearch Corp.

Appendix D: Selected Photos from SBMI's Social Media Updates on the Buckeye Silver Mine Project Site

- November 23, 2021: The assembled Fine Ore Bin, at the Buckeye Silver Mine in Arizona.



Source: Twitter (@BulletMines)

- November 5/6, 2021: Contents from Bin 1, Jaw and Cone crushers, unloaded at the Buckeye Silver Mine in Arizona.



Source: Twitter (@BulletMines)

- October 11, 2021: Inside the western adit at the Buckeye Silver Mine in Arizona.



Source: Twitter (@BulletMines)

- October 10, 2021: A new mucker arrived on the Buckeye Silver Mine site in Arizona.



Source: Twitter (@BulletMines)

- September 14, 2021: Part of the contents of Shipping Container 2 that is headed to Los Angeles, then to the Buckeye Silver Mine site.



Source: Twitter (@BulletMines)

- September 14, 2021: The concrete mill pad is complete at the Buckeye Silver Mine site.



Source: Twitter (@BulletMines)

- August 30, 2021: Shipping Container 1 of parts for the mill.



Source: Twitter (@BulletMines)

- August 21, 2021: Hand-mucking the Western adit at the Buckeye Silver Mine.



Source: Twitter (@BulletMines)

- August 4, 2021: Falcon Concentrators ready to be shipped to the Buckeye Silver Mine.



Source: Twitter (@BulletMines)

- August 4, 2021: Jaw and Cone crushers ready to be shipped to the Buckeye Silver Mine.



Source: Twitter (@BulletMines)

Appendix E: Key Arizona Copper Mines and Projects

ASARCO LLC, subsidiary of Grupo México, S.A.B. de C.V. (BMV:GMEXICO B)

- www.asarco.com
- **ASARCO** is a fully integrated mining company. Currently, it produces approximately 350 to 400 million pounds of copper a year in Arizona, from the Mission, Silver Bell, and Ray open-pit mines.
- The Mission Complex is an open-pit mine composed of the Mission, Eisenhower, Pima, Mineral Hill, and South San Xavier properties, as well as the nearby North San Xavier mine.
- The Mission Complex is located 18 miles south of Tucson, in Pima County.

BHP Group (ASX:BHP)/Rio Tinto Group (LSE:RIO)

- www.resolutioncopper.com
- Located 97 km (60 miles) east of Phoenix, near the town of Superior, the Resolution Copper project is a proposed underground mine.
- Resolution Copper is a joint venture owned by **Rio Tinto** (55%) and **BHP** (45%) with an estimated copper resource of 1.79 billion tonnes at 1.5% copper. It has the potential of becoming one of the world's largest copper mines worldwide.

Capstone Mining Corp. (TSX:CS)

- www.capstonemining.com
- In Arizona, **Capstone** operates the Pinto Valley Copper Mine in the Globe-Miami mining district.
- Pinto Valley has produced more than four billion pounds of copper since 1975 and currently has an estimated resource of 1.57 billion tonnes at 0.29% copper.

Freeport-McMoRan Inc. (NYSE:FCX)

- www.fcx.com
- **Freeport-McMoRan** is a leading international mining company headquartered in Phoenix.
- In Arizona, **FCX** operates the Miami Complex that is located 145 km (90 miles) east of Phoenix, in the historic Globe-Miami mining district.
- The operations comprise an open-pit copper mine, a smelter, and a rod mill.

KGHM International Ltd.

- www.kghm.com
- **KGHM** is the eighth largest mining company.
- In Arizona, it operates the Carlota mine, located in the Globe-Miami mining district.
- The last year of mining production was 2014 when the mine produced over 10,000 tons of copper. The current resource is 5 million tons at 0.45% copper.

Figure 25: Arizona Major Mines



Source: Arizona Geological Survey (2015); eResearch Corp.

Appendix F: Company Risks

Silver Bullet Mines Inc. operates in the mining exploration and processing industry, which inherently brings high levels of risk and uncertainty with no guarantees that operations will result in economically profitable projects. Other risks include the following.

Business and Operating Risks:

- **SBMI** relies on a few key individuals who are core to its operations, and the loss of any of them could materially impact the business.
- **SBMI** projects are in the early phases of operations and exploration. **SBMI** is still waiting for certain mill components to arrive and various supply chain issues could affect the mill production start.
- **SBMI**'s revenue forecasts are based on resource estimations, which may differ from actual mineral supply due to inherent risks of sample variability, metal price fluctuations, variations in mining and processing parameters, and adverse changes in environmental or mining laws and regulations.
- **SBMI**'s mining and exploration projects have risks of environmental disasters and hazards normally incidental to resource companies, including fires, power outages, flooding, explosions, cave-ins, and landslides, which could be dangerous for workers and bring damage to properties.
- **SBMI** mines and sells an unrenewable source of materials with a limited supply in each body of land, which brings inherent risks for the number of available projects in the future.

Financial Risks:

- The fair value of precious metals and minerals is subject to uncertainty and volatility in price dependent on the market's speculation for its future need and supply, which may affect revenue projections.
- Exploration for minerals and mining is a capital-intensive business. There is no certainty that capital invested into mining exploration and development will result in an economic source of resources and revenue.
- **SBMI** has no history of paying dividends and does not expect to pay dividends in the near future as it has limited operating cash flows with all available funds expected to be reinvested into mineral exploration projects.

Legal and Regulatory Risks:

- **SBMI** operates in numerous jurisdictions with different regulations and rules, which brings different standards for taxes, labour and occupational laws, use of water and land, and land claims.
- **SBMI** has operations where Environmental NGOs and Indigenous Peoples have a history of enacting changes in regulations and laws that have adverse effects on the advancement of exploration and development properties.
- **SBMI** may acquire and invest in future mining properties, which may be negatively impacted by litigation or consent decrees entered by previous mineral rights owners, risking disturbances, and additional legal costs.

Sales and Marketing Risks:

- Every phase of the mining industry has a very competitive landscape, therefore potential competitors who have significant resources can readily compete for numerous mining projects.

Technology Risks:

- **SBMI** is reliant on information systems and other technologies used in operational management for both managing technical data and operating mining explorations, therefore **SBMI** must invest in more efficient processes and equipment to stay competitive in the industry.

Appendix G: Merger & Acquisition Activity in Mining

With gold and silver setting a new floors level at around US\$1,800/ounce and US\$25/ounce, respectively, market sentiment forecasting continued upside potential, and a low-interest borrowing environment, merger and acquisition (M&A) activity has surged over the past year. Below is a sample of M&A activity in the precious metals industry over the past year.

January 10, 2021: Agnico Eagle to Acquire TMAC Resources

- **Agnico Eagle Mines (TSX:AEM | NYSE:AEM)** announced that it entered into an agreement to acquire **TMAC Resources (TSX:TMR)** for \$2.20 per share. The total transaction size, including outstanding liabilities, was US\$361.9 million valuing the deal at US\$102 per reserve oz. or US\$50 per resource oz.

February 11, 2021: Oro X Mining and Mines and Metal Trading (Peru) PLC Announce Business Combination to Create Silver X Mining Corp.

- The merger creates a new growth-focused silver producer in Peru. There was a concurrent minimum \$14.0 million financing to fund exploration and drilling at the Nueva Recuperada project.

March 15, 2021: Gran Colombia and Gold X Execute Arrangement Agreement for the Creation of a Mid-Tier Latin American-Focused Gold Producer

- **Gran Colombia (TSX:GCM | OTC:TPRFF)** and **Gold X Mining Corp. (TSXV:GLDX | OTCQX:GLDXF)** announced that they have entered into a definitive agreement in which Gran Colombia will acquire all of the issued and outstanding common shares of **Gold X** on the basis of 0.6948 of a **Gran Colombia** share for each **Gold X** share.

May 12, 2021: Apollo Signs Definitive Acquisition Agreement to Create Significant US Pure Silver Exploration and Development Company

- **Apollo Gold & Silver (TSXV:APGO)** entered into a definitive agreement to acquire all the issued and outstanding shares of privately held **Stronghold Silver Corp.** **Stronghold** holds the rights to three large-scale silver projects: Waterloo and Langtry in California and The Silver District in Arizona.

June 23, 2021: Silver X Mining and Latitude Silver Announce Closing of Business Combination

- The merger creates a new growth-focused silver producer and developer in Peru, led by a team with a proven track record and well-financed with more than \$14 million raised in a concurrent financing.

July 2, 2021: Fortuna Silver Mines and Roxgold Complete Combination to Create a Global Premier Growth-oriented Intermediate Gold and Silver Producer

- **Fortuna Silver Mines Inc. (NYSE:FSM | TSX:FVI)** and **Roxgold Inc. (TSX:ROXG | OTCQX:ROGFF)** announced the completion of the previously announced business combination between **Fortuna** and **Roxgold**.

September 28, 2021: Agnico Eagle and Kirkland Lake Gold Announce Merger of Equals to Create Highest-Quality Senior Gold Producer

- **Agnico Eagle (TSX:AEM, NYSE:AEM)** and **Kirkland Lake Gold (TSX:KL, NYSE:KL, ASX:KLA)** announced that they have entered into an agreement to combine in a merger. Pursuant to the merger agreement, **Kirkland Lake Gold** shareholders will receive 0.7935 of an **Agnico Eagle** common share, valuing the **Kirkland Lake Gold** at C\$12.4 billion.

October 6, 2021: Gold Resource Corporation Enters Into Arrangement Agreement with Aquila Resources

- **Gold Resource Corporation (NYSE:GORO)** announced that it entered into a definitive arrangement agreement with **Aquila Resources Inc. (TSX:AQA | OTCQB:AQARF)** for the acquisition of all the issued and outstanding common shares of **Aquila** for 0.0399 of a **Gold Resource** share per Aquila share.
- The exchange ratio represents consideration of C\$0.09 per **Aquila** share and prices the acquisition at approximately C\$30.9 million.

October 15, 2021: Calibre Mining Announces Acquisition of Fiore Gold in Nevada

- **Calibre Mining Corp. (TSX:CXB | OTCQX:CXBMF)** and **Fiore Gold Ltd. (TSXV:F | OTCQB:FIOGF)** announced that they have entered into a definitive arrangement agreement whereby **Calibre** will acquire all of the issued and outstanding common shares of **Fiore**.
- **Fiore** shareholders will receive 0.994 of a **Calibre** common share and C\$0.10 in cash for each **Fiore** common share held, implying C\$1.80 per **Fiore** common share and values the deal at C\$190.3 million.
- **Calibre** will be acquiring a 100% interest in **Fiore's** operating Pan Gold Mine in Nevada with gold production of approximately 50,000 ounces per year.

November 1, 2021: Chifeng Jilong Gold to Acquire Golden Star Resources

- **Chifeng Jilong Gold Mining Co., Ltd. (SHSE: 600988)** and **Golden Star Resources Ltd. (TSX:GSC | NYSE:GSS)** announced that they have entered into a definitive agreement in which **Chifeng** has agreed to acquire all of the issued and outstanding common shares of **Golden Star** for US\$3.91 (C\$4.85) per Golden Star share, totaling approximately US\$470 million.
- **Golden Star** owns and operates the Wassa underground mine in Ghana, West Africa.
- **Chifeng** is an international gold mining company, with a market capitalization of US\$4.3 billion, and operates five mining assets, including the Sepon gold mine in Laos.

November 8, 2021: Newcrest Mining Agrees to Acquire Pretium Resources

- **Newcrest Mining Limited (TSX:NCM | ASX: NCM)** has entered into an agreement to acquire all of the issued and outstanding common shares of **Pretium Resources Inc. (TSX:PVG | NYSE:PVG)** for C\$18.50 per share in cash or 0.80847 **Newcrest** shares per **Pretium** share.

The deal adds **Pretium's** Brucejack Mine to **Newcrest's** portfolio of assets and increases **Newcrest's** gold production by over 300,000 ounces per year to more than 2.0 million gold ounces.

Appendix H: Silver Industry Overview

Silver has been considered a precious element for thousands of years. First used as a currency, silver has had a role as a trading metal in nearly every ancient and modern culture.

Today, it is used in various ways, including electronics, solar equipment, medical instruments, automobiles, water purifications, photographic, and jewelry.

Silver also serves as a physical investment opportunity by various investors in the form of physical coins and bars.

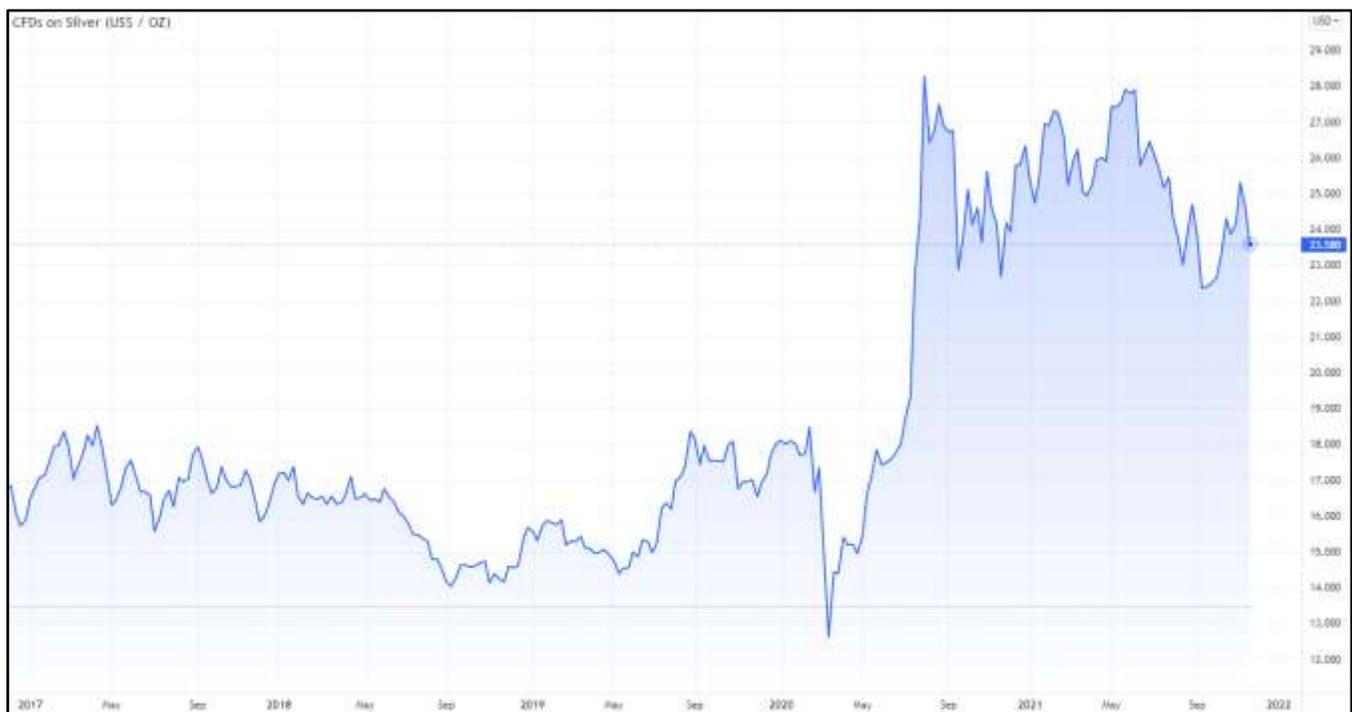
As per the recent data provided by the **Silver Institute**, approximately 50% of the silver demand is from industrial segments (solar panels, electronics, automobiles, batteries etc.), followed by 20% from jewelry and 19% from physical investments in the form of coins and bars, with other demand coming from silverware and photography.

The Silver Institute data also shows that 75% of the world's silver demands are fulfilled by mine production and around 20% of silver supply is contributed by the recycling of silver products.

Due to the COVID-19 pandemic, there is a slowdown in industrial activity, which severely impacted the industrial demand for silver. However, demand for silver is now gradually recovering as general business activity recovers and government lockdowns have been eased by a majority of countries.

The price of silver shows a steady increase from a low of around US\$12.25/oz in March 2020 to recently closing above US\$23.50/oz in late-November.

Figure 26: Five-Year Silver Price – Trading at US\$23.58/oz (November 25, 2021)



Source: TradingView.com

Silver Price Recovery in 2022

As per the data collected by the **Silver Institute**, global silver mine production in 2019 fell for the fourth consecutive year. However, the **Silver Institute** believes that silver may outshine gold and other alternative investment opportunities in 2022, as demand could hit an eight-year high.

The **Silver Institute** predicted that industrial demand will rise by 9% from 2020 to a four-year high of 510 million ounces (Moz) in 2021. Demand for silver jewelry consumption is also expected to rise to 170 Moz and physical silver investment demand is projected to reach 257 Moz in 2021. Overall, the global demand for silver is expected to reach a six-year high of 1.025 billion ounces (Boz) in 2021.

Silver demand should register solid growth in 2022 and onwards as industrial use should benefit from the post-COVID re-opening of economies, vehicle output bounces back with higher-silver-content electric vehicles gaining market share, and 5G devices and 5G networks roll-out.

The ongoing revolution in green technologies (including solar panels), increasing demand from electronic products (for which copper and silver coating materials are used as a raw material), rising demand for EVs, and 5G technologies are very likely to drive the demand for silver.

Reflecting investors' growing interest in adding silver to their investment holdings, holdings in exchange traded products had already reached a record level high of 1.18 Boz in February 2021.

On the supply side, silver mine production should rise to 866 Moz in 2021, the highest level since 2016. However, capital expenditures in mining industry have been in decline due to the COVID-19 pandemic and could help tighten the near-term growth in the supply of silver.

Battery Electric Vehicles Require Twice as Much Silver

With modern vehicle manufacturers using more silver in their advanced technology components, the global automotive sector could require approximately 90 Moz of silver annually. Demand for silver in the automotive industry is projected to be 61 Moz in 2021 and forecasted to be at least 5% higher in 2022.

The average silver usage for a vehicle has been rising over the past few decades and is currently estimated at 15-28 grams (g) per internal combustion engine (ICE) light vehicle. In hybrid vehicles, the average silver use is higher at nearly 18-34g per light vehicle. In battery electric vehicles (BEVs), each vehicle consumes approximately 25-50g of silver per light vehicle.

The demand for ancillary services that require silver is also rising, including charging stations and charging points for EVs.

Gold-Silver Ratio

Is silver poised for another leg-up? The gold-silver ratio measures how many ounces of silver it takes to buy one ounce of gold and is used as a barometer for the prices of those precious metals.

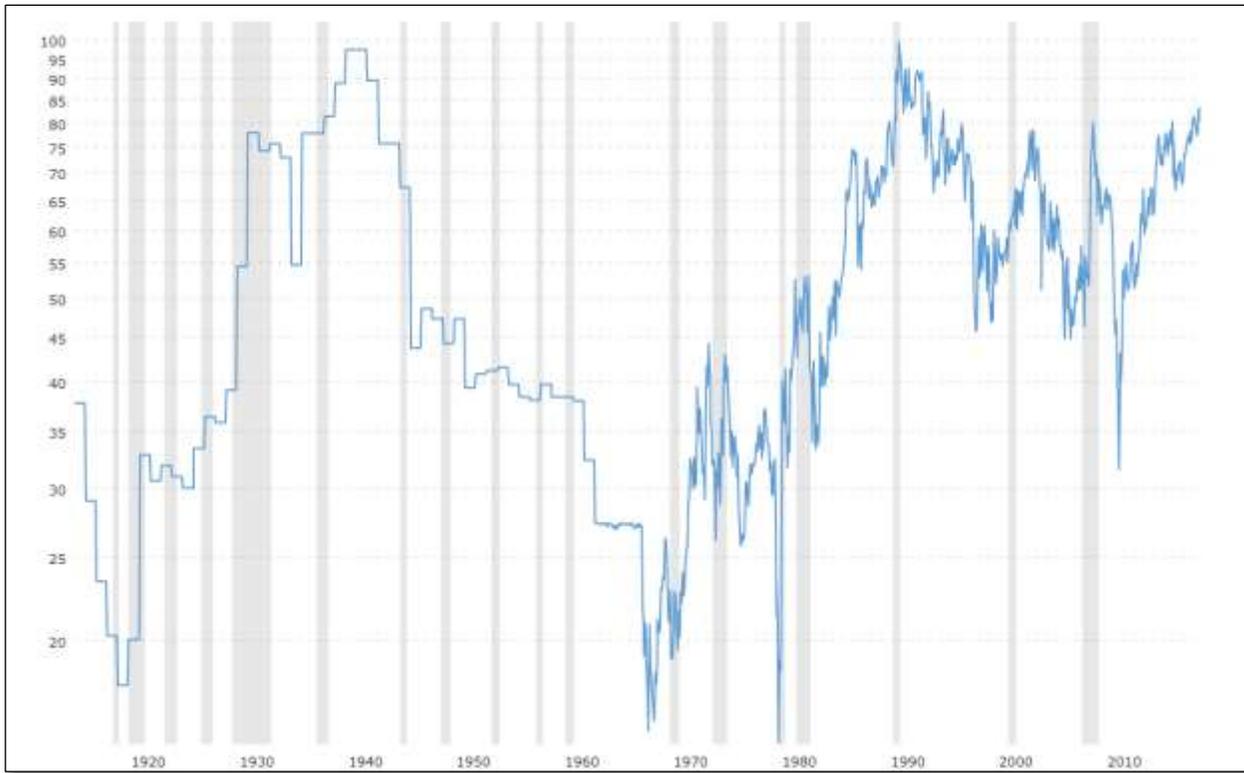
When the ratio increases (i.e., when the silver price goes lower or the price of gold moves higher, an investor would need more ounces of silver to buy one ounce of gold), it could be a good time to take advantage of a more affordable silver price versus the price of gold.

[Figure 30](#) illustrates the historical gold-silver ratio dating back to 1915. Since 1990, the average gold-to-silver ratio has been around 65:1 so it would take 65 ounces of silver to equal one ounce of gold. Currently, the gold-silver ratio is around 70x.

Prior to the 20th century, the gold-to-silver ratio was between 12:1 and 15:1, but has averaged around 47:1 during the 20th century. Over the last 10 years, the ratio hit a high of over 124:1 and a low of less than 32:1, and since April 2011 has been trending upward.

Since silver has more industrial applications than gold, a strengthening economy could increase demand for silver and could make seem the gold-to-silver ratio decrease, making it a good time to buy silver.

Figure 27: Gold-Silver Ratio Since 1915; Grey Bars Indicate Economic Recessions



Source: Macrotrends.net

Appendix I: eResearch Disclosure

eRESEARCH CORPORATION

eResearch was established in 2000 as Canada's first equity issuer-sponsored research organization. As a primary source for professional investment research, our Subscribers (*subscription is free!!!*) benefit by having written research on a variety of small- and mid-cap, under-covered companies. We also provide unsponsored research reports on middle and larger-sized companies, using a combination of fundamental and technical analysis. We complement our corporate research coverage with a diversified selection of informative, insightful, and thought-provoking research publications from a wide variety of investment professionals. We provide our professional investment research and analysis directly to our extensive subscriber network of discerning investors, and electronically through our website: www.eresearch.com

NOTE: eResearch company reports are available FREE on our website: www.eresearch.com

eResearch Intellectual Property: No representations, express or implied, are made by eResearch as to the accuracy, completeness or correctness of the comments made in this Company Perspective. This report is not an offer to sell or a solicitation to buy any security of the Company. Neither eResearch nor any person employed by eResearch accepts any liability whatsoever for any direct or indirect loss resulting from any use of its report or the information it contains. This report may not be reproduced, distributed, or published without the express permission of eResearch.

ANALYST ACCREDITATION

eResearch Analyst on this Report: Chris Thompson CFA, MBA, P.Eng.

Analyst Affirmation: I, Chris Thompson, hereby state that, at the time of issuance of this research report, eResearch Corp., the company that I own and control, received 50,000 common shares and 25,000 share warrants of Silver Bullet Mines Inc. (TSXV:SBMI) for payment for services to write research reports on SBMI for one (1) year.

eRESEARCH DISCLOSURE STATEMENT

eResearch is engaged solely in the provision of equity research to the investment community. eResearch provides published research and analysis to its Subscribers on its website (www.eresearch.com), and to the general investing public through its extensive electronic distribution network and through newswire agencies. With regards to distribution of its research material, eResearch makes all reasonable efforts to provide its publications, via e-mail, simultaneously to all of its Subscribers.

eResearch does not manage money or trade with the general public, provides full disclosure of all fee arrangements, and adheres to the strict application of its Best Practices Guidelines.

eResearch accepts fees from the companies it researches (the "Covered Companies"), and from financial institutions or other third parties. The purpose of this policy is to defray the cost of researching small and medium capitalization stocks which otherwise receive little or no research coverage.

A Third-Party company paid eResearch a fee to have it conduct research and publish this report.

To ensure complete independence and editorial control over its research, eResearch follows certain business practices and compliance procedures. For instance, fees from Covered Companies are due and payable prior to the commencement of research. Management of the Covered Companies are sent copies, in draft form without a Recommendation or a Target Price, of the Initiating Report and the Update Report prior to publication to ensure our facts are correct, that we have not misrepresented anything, and have not included any non-public, confidential information. At no time is management entitled to comment on issues of judgment, including Analyst opinions, viewpoints, or recommendations. All research reports must be approved, prior to publication, by eResearch's Director of Research, who is a Chartered Financial Analyst (CFA).

All Analysts are required to sign a contract with eResearch prior to engagement, and agree to adhere at all times to the CFA Institute Code of Ethics and Standards of Professional Conduct. eResearch Analysts are compensated on a per-report, per-company basis and not on the basis of his/her recommendations. Analysts are not allowed to accept any fees or other consideration from the companies they cover for eResearch. Analysts are allowed to trade in the shares, warrants, convertible securities or options of companies they cover for eResearch only under strict, specified conditions, which are no less onerous than the guidelines postulated by IIROC. Similarly, eResearch, its officers and directors, are allowed to trade in shares, warrants, convertible securities or options of any of the Covered Companies under identical restrictions.