

Pan American Silver

From M&A-led scale to organic silver growth

Pan American Silver (PAAS) has grown into the largest independent primary silver producer alongside a sizeable gold business following a series of well-timed acquisitions and subsequent portfolio rationalisation. The group is now shifting from acquisition-led growth towards internally funded organic development, principally in silver, while stronger earnings and a net-cash balance sheet support higher shareholder returns. Juanicipio has already increased low-cost silver production, La Colorada provides the next major growth step and Escobal retains substantial restart potential. Our DCF-based NAV is US\$64/share, implying c 38% upside.

Year end	Revenue (\$m)	EBITDA (\$m)	EPS (\$)	DPS (\$)	Yield (%)	EV/EBITDA (x)
12/24	2,818.9	1,028.6	0.79	0.40	0.9	17.8
12/25	3,619.1	1,817.0	2.54	0.54	1.2	10.1
12/26e	4,616.6	2,745.6	3.55	0.72	1.6	6.7
12/27e	4,706.8	2,814.1	3.67	0.72	1.6	6.5

Note: EPS is company adjusted; dividend as declared for the period.

Well-timed, value-accretive acquisitions built scale

Tahoe and Yamana materially increased PAAS's gold production and cash-flow base, while the 2025 MAG Silver acquisition added the 44%-owned Juanicipio mine and increased the group's silver weighting. Subsequent disposals reduced non-core development exposure and concentrated capital on the operating portfolio and internal projects. EBITDA increased from US\$681m in FY23 to US\$1.8bn in FY25 and we forecast US\$2.8bn in FY26, while the balance sheet moved from US\$361m of net debt at end-FY23 to US\$864m of net cash at end-Q226. PAAS now targets distribution of 35–40% of attributable FCF through dividends and buybacks and has returned c US\$510m to shareholders as of 11 August 2026.

Organic growth shifts the portfolio towards silver

Most incremental production in the development portfolio comes from silver. Juanicipio contributes 6.0–6.5Moz to FY26 guidance and paid US\$192m of dividends to PAAS in H126. PAAS intends to fund La Colorada internally, with the revised PEA targeting combined silver production of 19.1Moz per year in 2034–38. Holding the rest of the portfolio at the FY26 level, this would lift illustrative group output from c 26Moz to c 39Moz. A restart of Escobal at its historical c 20–21Moz per year could take group output towards c 60Moz, ahead of Fresnillo on the peer group's current production base. The growth comes against a supportive silver backdrop, with a sixth consecutive annual deficit forecast for 2026.

Valuation: US\$64/share NAV; discount to large peers

Our DCF-based NAV falls from US\$68/share to US\$64/share, reflecting updated earnings estimates and a higher WACC following the rise in government bond yields, partly offset by a higher La Colorada Skarn valuation. On FY26e/FY27e consensus, PAAS trades at 6.9x/5.9x EV/EBITDA and 12.8x/10.4x P/E. This is broadly in line with the wider silver group but represents discounts of c 17–28% to large silver peers and c 8–22% to large gold peers. Buybacks should support the shares, while the net-cash balance sheet and strong, internally funded silver growth profile provide scope for a re-rating.

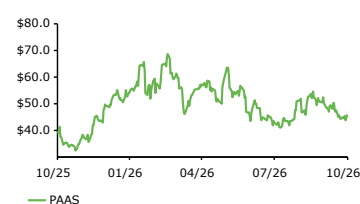
Company outlook

Metals and mining

12 October 2026

Price	\$46.26
Market cap	\$19,133m
Net cash/(debt) at Q226	\$863.8m
Shares in issue	413.6m
Free float	100.0%
Code	PAAS
Primary exchange	TSX
Secondary exchange	NYSE

Share price performance



%	1m	3m	12m
Abs	(12.6)	5.2	21.6
52-week high/low		\$69.2	\$32.7

Business description

Pan American Silver is one of the largest global primary silver producers and a sizeable gold miner with operations in North, Central and South America since 1994. Its portfolio includes 10 producing operations, the currently suspended top-tier Escobal silver mine and a number of large-scale advanced exploration/development projects.

Next events

Q3 results	4 November
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Investment summary

Scale built through well-timed acquisitions

PAAS has grown significantly over the past decade, with the Tahoe, Yamana and MAG transactions increasing the scale and quality of the portfolio and changing its commodity mix. Tahoe and Yamana built a sizeable gold business, while MAG added PAAS's 44% interest in the high-grade, low-cost Juanicipio operation and increased the group's silver weighting. The transactions were also well-timed relative to subsequent moves in gold and silver prices, while later disposals including La Arena, MARA and Agua de la Falda reduced non-core development exposure and concentrated capital on the operating portfolio and internal growth projects. At the midpoint of FY26 guidance, PAAS is the largest independent primary silver producer, with attributable production of c 26Moz of silver and 725koz of gold. The group has c 511Moz of attributable proven and probable (P&P) silver reserves and an FY25 silver-segment all-in sustaining cost (AISC) of US\$13.9/oz, placing it towards the lower end of the peer group on a reported basis.

Organic growth increasingly driven by silver...

The focus is now shifting from acquisition-led growth towards organic development. PAAS's pipeline covers both metals, although most of the incremental production comes from silver. The Juanicipio project is already contributing on a full-year basis and has performed ahead of its technical-report mine plan; in H126, production attributable to PAAS was 3.5Moz at a negative AISC of US\$4.5/oz and the JV paid US\$192m of dividends to PAAS. La Colorada is the largest development project, with the revised preliminary economic assessment (PEA) targeting combined silver production of 19.1Moz per year from 2034 to 2038. PAAS intends to fund the development from internal cash flow, supported by the lower initial capital requirement and the group's stronger balance sheet. Holding the remainder of the portfolio at the FY26 level, La Colorada would take illustrative group silver output from c 26Moz to c 39Moz. A restart of Escobal at its historical c 20–21Moz annual production rate could take the same illustrative total towards c 60Moz; on the current production base of the peer group, this would place PAAS ahead of Fresnillo and make it the largest primary silver producer.

...while the silver market remains supportive

Silver remains in structural deficit despite some moderation in demand. Metals Focus forecasts a sixth consecutive annual shortfall in 2026, taking the cumulative deficit since 2021 to c 760Moz. Mine production of 844Moz remains below the 900Moz produced in 2016, while primary silver has fallen to only 26% of global mine supply, limiting the response to higher silver prices. Industrial demand still accounts for more than half of global consumption, supported by electrical, automotive, grid and data-centre applications despite lower photovoltaic demand. Our long-term silver price remains unchanged at US\$40/oz from 2030, still well below current spot and FY26–27 consensus levels.

Earnings and balance sheet continue to strengthen

PAAS's earnings base has increased sharply following the Yamana acquisition, stronger precious metal prices, the recovery at La Colorada and the addition of Juanicipio. EBITDA has increased from US\$681m in FY23 to US\$1.82bn in FY25 and we forecast US\$2.75bn in FY26 and US\$2.81bn in FY27. Attributable cash flow from operations rose from US\$450m in FY23 to US\$1.44bn in FY25, including four months of Juanicipio ownership, while H126 attributable cash flow from operations was US\$1.0bn. The balance sheet has strengthened alongside earnings: net debt of US\$361m at end-FY23 moved to net cash of US\$467m at end-FY25 and US\$864m at end-Q226. We forecast net cash of US\$1.3bn at end-FY26 and US\$2.6bn in FY27, providing ample capacity to fund the organic development programme while maintaining attractive shareholder distributions.

Higher cash generation feeds into shareholder returns

PAAS's enhanced shareholder-return framework targets distribution of 35–40% of annual attributable free cash flow (FCF) through dividends and share repurchases. The company returned US\$401m in H1 and had repurchased 7.3m shares for US\$358m by 11 August; including dividends declared for Q1 and Q2, total 2026 shareholder returns had reached c US\$510m by that point. The framework is broadly consistent with the large gold producers but compares favourably with the principal silver peers. Our near-term forecasts include announced investment in La Colorada, Jacobina and Timmins but no additional FY27 share buybacks. Further returns will depend on commodity prices and

investment requirements.

NAV falls to US\$64/share; discount to large peers persists

Our discounted cash flow (DCF)-based net asset value (NAV) falls from US\$68/share to US\$64/share following the update to our commodity and cost assumptions, partly offset by the increase in La Colorada Skarn valuation at a US\$40/oz long-term silver price. Following recent share-price weakness, PAAS's 12-month forward EV/EBITDA has fallen to 6.9x, only marginally above its five-year average of 6.8x. On consensus estimates for FY26 and FY27, PAAS trades at 6.9x and 5.9x EV/EBITDA and 12.8x and 10.4x P/E, broadly in line with the wider silver group and at a modest premium to the broader gold group. Against the large peers, PAAS trades at discounts of c 17–28% to Fresnillo, Coeur, Hecla and First Majestic and c 8–22% to Agnico Eagle, Kinross and Lundin Gold. Ongoing buybacks should provide some near-term support to the shares, while consistent operational delivery, cost control and progress at La Colorada would support a narrowing of the discount.

Risks and sensitivities

The main sensitivities are gold and silver prices, execution and funding of La Colorada, operating performance at the higher-cost gold mines and the timing and outcome of the Escobal consultation process. PAAS also operates across a number of Latin American jurisdictions, creating exposure to changes in taxation, royalties, permitting and political conditions.

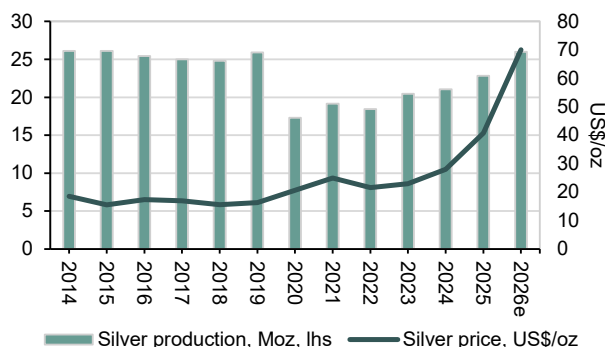
Company description

A diversified silver and gold producer

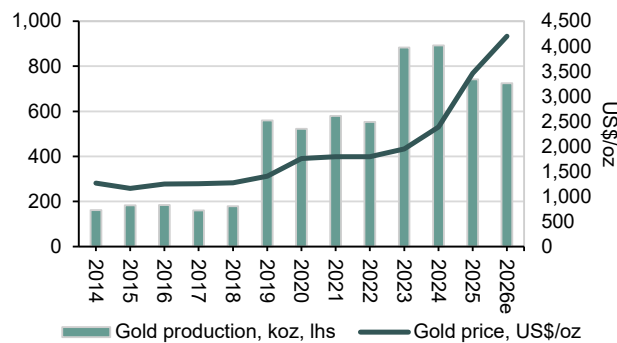
PAAS is one of the largest listed primary silver producers and a sizeable mid-tier gold miner, with interests in 10 producing operations across seven countries in the Americas. Three major acquisitions have reshaped the portfolio over the past decade. The Tahoe Resources transaction in 2019 added Shahuindo, La Arena, Timmins and the suspended Escobal silver operation; the acquisition of Yamana Gold's Latin American assets in 2023 added Jacobina, El Peñon, Cerro Moro and Minera Florida; and the MAG Silver transaction in 2025 added a 44% interest in the top-tier Juanicipio project. PAAS has subsequently sold La Arena and several non-core development and exploration assets, concentrating the portfolio on producing precious-metals operations and a smaller number of large-scale growth projects.

The acquisitions changed the scale and commodity mix of the group. Before the Tahoe transaction, PAAS produced c 25Moz of silver and 179koz of gold in 2018. Gold output increased to 559koz in 2019 after Tahoe and to 883koz in 2023 after Yamana. It remained close to 900koz in 2024, before falling to 742koz in 2025 as La Arena was sold and Dolores entered residual leaching. PAAS guides to attributable gold production of 700–750koz in 2026, with management now expecting production at the low end of the range following weaker-than-expected H1 output.

Silver production followed a different trajectory. Output remained within a relatively narrow range of 23–26Moz in 2015–19, before falling to 17–19Moz in 2020–22 due to the pandemic, mine closures and weaker performance at La Colorada. Output recovered to 20.4Moz in 2023 and 21.1Moz in 2024. The MAG acquisition then provided the first material increase in producing silver exposure for several years, with attributable group output reaching 22.8Moz in 2025. PAAS guides to 25–27Moz in 2026, including a full-year contribution from its 44% interest in Juanicipio.

Exhibit 1: Silver production versus the silver price


Source: PAAS, Edison Investment Research. Note: 2026e is based on mid-range guidance and company assumed commodity prices.

Exhibit 2: Gold production versus the gold price


Source: PAAS, Edison Investment Research. Note: 2026e is based on the guidance midpoint; management currently expects gold production at the low end of the range.

Exhibit 3: Principal portfolio transactions

Transaction	Acquisition date	Main assets added	Subsequent portfolio changes
Tahoe Resources	February 2019	Shahuindo, La Arena, Timmins and Escobal	La Arena sold; Shahuindo and Timmins retained; Escobal remains suspended
Yamana Latin American assets	March 2023	Jacobina, El Peñon, Cerro Moro, Minera Florida, MARA and Agua de la Falda	MARA, Agua de la Falda and other non-core interests divested; four producing operations retained
MAG Silver	September 2025	44% of Juanicipio, Larder and the Deer Trail option	Juanicipio retained as a non-operated joint venture, with Fresnillo continuing as operator. Larder divested

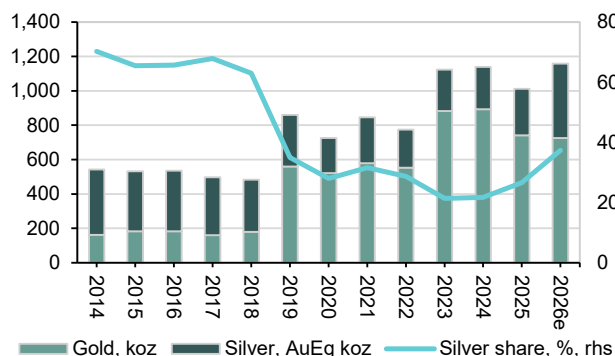
Source: PAAS, Edison Investment Research

Gold-led expansion followed by renewed silver weighting

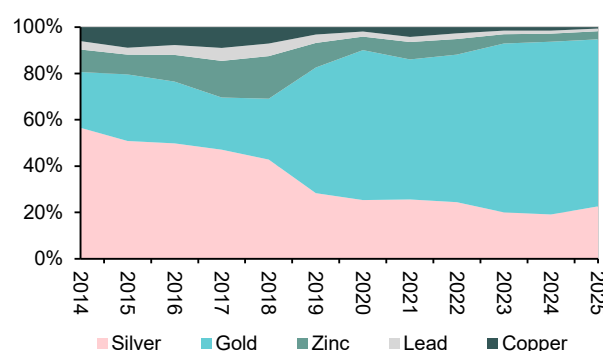
PAAS's production mix shifted decisively towards gold following the Tahoe and Yamana transactions. The acquisitions added assets including Shahuindo, Jacobina and El Peñon, while silver production was affected by mine closures and divestments, weaker performance at La Colorada and the continued suspension of Escobal. Gold consequently accounted for c 75–80% of equivalent production in 2023–24 and became the principal contributor to group revenue and cash flow. Both transactions were completed ahead of substantial gold price appreciation and generally improved the quality and margin profile of the operating portfolio.

The MAG acquisition has started to shift the mix back towards silver. Juanicipio is expected to contribute 6.0–6.5Moz of attributable silver in 2026 and ranks among the lowest-cost primary silver operations globally, improving both the scale and quality of the silver segment. Together with lower gold output following the La Arena disposal and the transition of Dolores to residual leaching, this lifts silver's share of equivalent production to c 37% based on the midpoint of 2026 guidance and the company's assumed commodity prices, its highest level since 2018. The shift reflects both higher physical silver production and a lower assumed gold/silver ratio, which falls from c 85x in 2025 to c 60x in 2026e. Higher by-product metal prices also reduce reported AISC through credits, while stronger silver prices support revenue and margins but increase some price-linked costs, including royalties and workers' participation.

The company's longer-term growth portfolio is weighted towards silver. La Colorada offers the largest development opportunity, while Juanicipio provides further optimisation and exploration potential. Escobal and Navidad add substantial longer-term silver optionality, although Escobal remains dependent on completion of the consultation process and Navidad cannot advance under current provincial legislation. The gold operations provide earnings and cash flow to support investment across this portfolio.

Exhibit 4: Gold equivalent (AuEq) production


Source: PAAS. Note: 2026 is based on mid-range of guidance and company assumed commodity prices.

Exhibit 5: Share of commodities, gross revenue basis


Source: PAAS. Note: Individual metal revenues are on a gross basis using reported sales volumes and realised prices.

Industry positioning: Silver scale supported by a sizeable gold business

PAAS combines the largest independent primary silver production and reserve base with a gold business comparable in scale with established mid-tier producers. Juanicipio reinforces the silver segment's low-cost position, while the gold operations provide the majority of current earnings and cash flow. This combination gives PAAS greater financial scale and funding capacity than most primary-silver peers while retaining substantial exposure to the silver price.

Leading silver production and reserve position

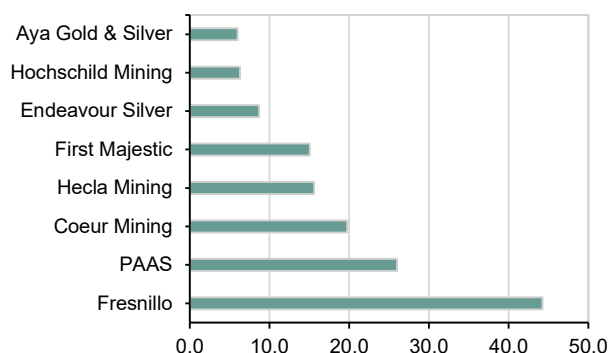
PAAS produced 22.8Moz of silver on an attributable basis in FY25 and, at the midpoint of FY26 guidance, expects output to increase by c 14% to 26.0Moz. This ranks the company as the second-largest primary silver producer after Fresnillo and the largest independent producer, ahead of Coeur, Hecla and First Majestic. While recent consolidation has narrowed the gap to some independent peers, the full-year contribution from Juanicipio, at an attributable 6.0–6.5Moz, maintains PAAS's clear lead within this group.

PAAS's relative scale is even larger on a mineral reserve basis. Including its 44% interest in Juanicipio, PAAS has c 511Moz of total attributable P&P silver reserves, c 41% above Fresnillo, which ranks second at 363Moz, and c 81% above Coeur at 282Moz. At the respective FY26 guidance midpoints, this represents a simple reserve-to-production ratio of almost 20 years for PAAS, compared with approximately eight years for Fresnillo and 14 years for Coeur. The headline ratio includes c 265Moz at the currently suspended Escobal mine. Excluding Escobal, PAAS has c 247Moz of attributable P&P silver reserves, equivalent to c 10 years of production at the FY26 guidance midpoint.

On a silver-segment basis, reserves of c 479Moz compare with a production midpoint of c 21.4Moz, implying approximately 22 years of production. The ratio is higher than at group level because PAAS's gold operations contribute a larger share of silver production than of silver reserves. Escobal accounts for 265Moz of the silver-segment reserve base and Juanicipio a further 58Moz.

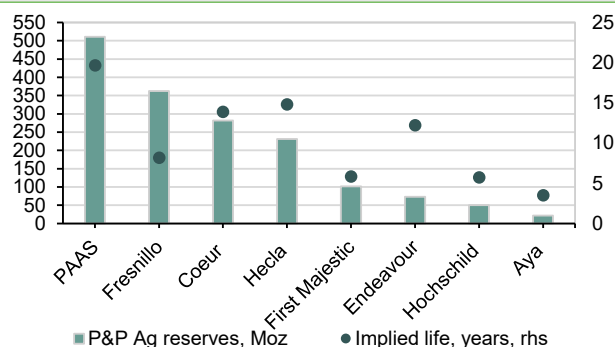
The broader mineral inventory provides a similar picture. PAAS has c 2.07bn oz of attributable contained silver in reserves and resources, broadly comparable with Fresnillo at c 2.06bn oz and more than 2.5x Hecla's c 0.83bn oz. Around 25% of PAAS's inventory is classified as P&P reserves, compared with c 18% for Fresnillo. A substantial part of PAAS's remaining resource base is held in large development-stage projects. La Colorada Skarn and Navidad contain a combined c 1.12bn oz of measured, indicated and inferred silver resources, accounting for c 70% of PAAS's total mineral resources. These ounces are not reflected in the reserve life comparison in Exhibit 7 but add materially to the company's longer-term development potential.

Exhibit 6: 2026 midpoint guided attributable silver production by company, Moz



Source: Company data. Note: Endeavour expects FY26 production at or slightly below the low end of guidance; updated guidance is due with Q3 results.

Exhibit 7: Attributable P&P silver reserves by company and implied production life



Source: Company data. Note: Coeur reserves are pro forma for New Afton and Rainy River.

Relatively low consolidated silver costs

PAAS reported an FY25 silver-segment AISC of US\$13.9/oz, placing it towards the lower end of the selected peer group and second only to Hecla on a reported basis. The comparison is distorted by differences in reporting methodology, with companies reporting AISC after by-product credits, silver-equivalent costs, co-product costs or cash costs. Exhibit 8 should therefore be viewed as an indication of relative cost positioning rather than a precise ranking.

PAAS's FY25 cost position was supported by particularly strong performance at Cerro Moro, where higher gold production and prices increased by-product credits, and the initial contribution from Juanicipio, one of the lowest-cost primary silver operations globally. Together, these projects materially lowered silver segment costs and offset the higher AISC reported at La Colorada, Huaron and San Vicente.

For FY26, PAAS guides to a silver-segment AISC of US\$15.75–18.25/oz, including the benefit of a full-year contribution from Juanicipio. The increase reflects higher price-linked royalties and workers' participation, higher smelting and refining charges, and mine-specific operating and sustaining-capital requirements. Royalty structures vary by jurisdiction, concession and project, resulting in a different cost impact from higher metal prices across both the PAAS portfolio and the peer group.

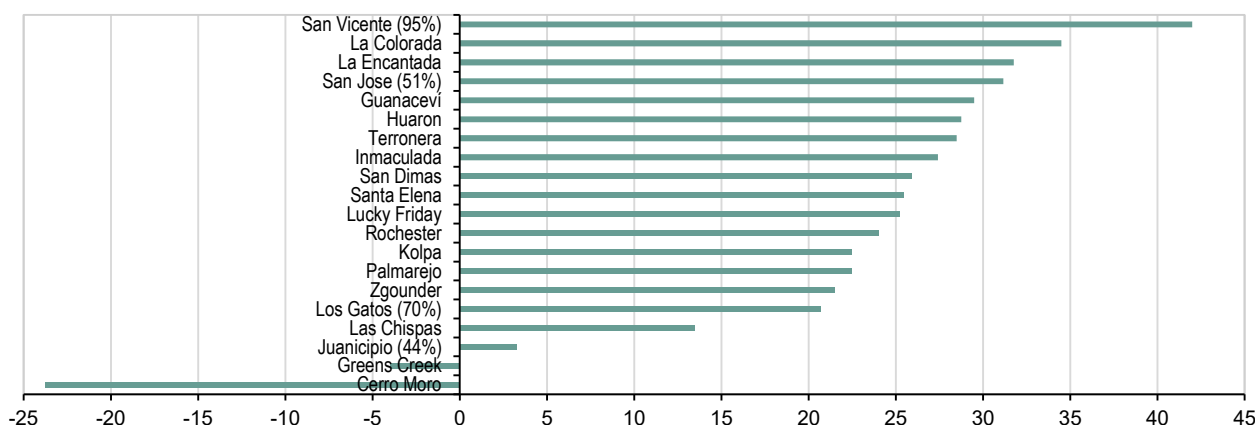
Recent H1 and Q2 reporting indicates a generally higher, although uneven, cost environment across the peer group. Fresnillo reported a materially higher H1 AISC across its principal silver mines, including US\$32.9/AgEq oz at Fresnillo and US\$29.3/AgEq oz at Saucito, up 48% and 71% respectively year-on-year. Endeavour's H1 AISC increased 49% to US\$37.0/oz, while First Majestic raised its FY26 AISC guidance by 4% at the midpoint, primarily reflecting higher costs linked to stronger silver prices and the Mexican peso. In contrast, Hecla reduced FY26 consolidated silver AISC guidance to US\$12.5–13.5/oz following a strong H1 performance.

PAAS's H1 silver-segment AISC of US\$12.6/oz remains competitive on a reported basis, although Q2 normalised to US\$17.8/oz from the exceptionally low Q1 level. The consolidated result continues to benefit from the weighting of Juanicipio and Cerro Moro and from by-product credits, with materially higher costs at several individual operations (Exhibit 9).

Exhibit 8: Silver peers production and cost comparison

Company	Principal producing operations	FY25 production, Moz Ag/AgEq	FY25 AISC	FY26 production guidance, Moz Ag/AgEq	FY26 AISC guidance	Reported basis
Fresnillo	Fresnillo, Saucito, Juanicipio (56%), San Julián and Ciénega	48.7	US\$21.7/AgEq oz	42.0–46.5	Not guided	FY25 consolidated AISC per silver-equivalent ounce
PAAS	La Colorada, Juanicipio (44%), Cerro Moro, Huaron and San Vicente (95%); additional silver in gold segment	22.8	US\$13.9/Ag oz	25–27	US\$15.8–18.3/Ag oz	Silver-segment AISC; FY26 cost guidance covers 20.55–22.15Moz of segment production
Coeur Mining	Las Chispas, Palmarejo and Rochester; by-product silver from other operations	17.9	c US\$17.7/Ag oz adjusted CAS*	18.7–21.9	c US\$19.3–21.4/Ag oz adjusted CAS*	Production-weighted estimate for the three principal silver mines; no consolidated silver cost measure is guided
Hecla Mining	Greens Creek, Lucky Friday	17.0	US\$11.3/Ag oz	15.1–16.1	US\$12.5–13.5/Ag oz	Consolidated silver AISC after by-product credits
First Majestic	Los Gatos (70%), San Dimas, Santa Elena and La Encantada	15.4	US\$21.17/AgEq oz	14.6–15.5	US\$27.7–28.8/AgEq oz	Consolidated AISC per payable AgEq ounce, including corporate costs
Endeavour Silver	Terronera, Guanacevi and Kolpa	6.5	US\$31.5/Ag oz	8.3–8.9	US\$27–28/Ag oz	Consolidated AISC per payable silver ounce, net of gold by-product credits
Aya Gold & Silver	Zgounder and Boumadine pyrite stockpile reclaim	5.0 AgEq	US\$20.3/AgEq oz cash cost	6.2–6.8 AgEq	c US\$19.7/AgEq oz cash cost*	Production-weighted cash-cost estimate; AISC guidance is not disclosed
Hochschild Mining	Inmaculada and San Jose (51%); group cost also includes Mara Rosa	c 7.5*	c US\$25.8/AgEq oz*	c 6.0–6.4*	US\$28.0–30.1/AgEq oz*	Silver production and cost derived from AuEq guidance using 83:1 in FY25 and 77:1 in FY26

Source: Company data, Edison Investment Research. Note: *Edison calculation. Endeavour indicated on 8 October that FY26 production is expected at or slightly below the low end of guidance; updated production and cost guidance is due with Q3 results on 9 November.

Exhibit 9: FY26 silver cost comparison by mine/operation, US\$/oz


Source: Company data, Edison Investment Research

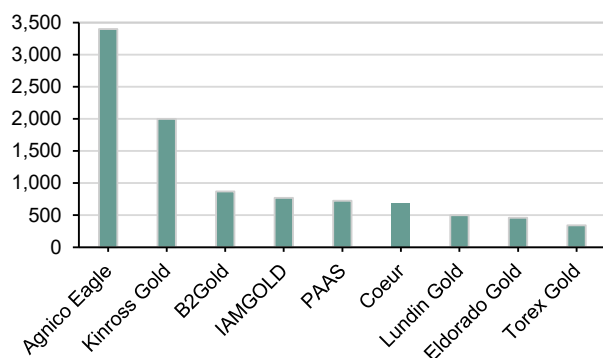
La Colorada AISC includes increased royalties from net-profit-driven payments to an adjacent concession owner for undertaking mining activities on their concession. San Vicente AISC reflects profit-driven royalties under the agreement with the state government.

Gold provides the funding base for silver growth

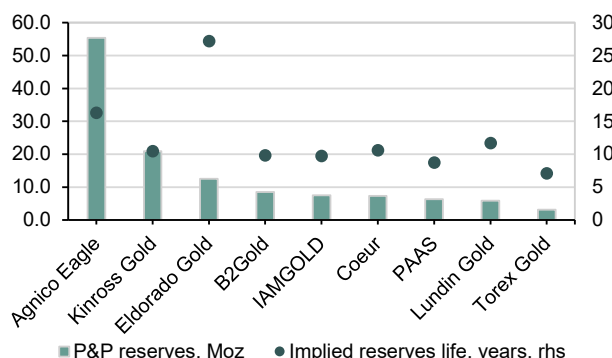
PAAS's gold business is sizeable in its own right, with FY25 production of 742koz and FY26 guidance of 700–750koz, although management now expects output at the low end of the range. This remains broadly comparable with IAMGOLD at 720–820koz and Coeur, which reduced FY26 gold guidance to 630–750koz following Q2. Coeur remains the closest comparator across both metals: PAAS's silver production guidance midpoint is c 28% above Coeur's and its current pro forma attributable silver reserves are c 81% higher.

PAAS has 6.3Moz of gold reserves, equivalent to approximately nine years of production at the FY26 guidance midpoint. This places the company around the middle of the selected peer group on a simple reserves-to-production basis.

Jacobina represents the main contributor to reserves, resources and production within PAAS's gold portfolio.

Exhibit 10: 2026 guided gold production at mid-range, koz


Source: Company data, Edison Investment Research

Exhibit 11: P&P gold reserves by company and implied production life


Source: Company data, Edison Investment Research. Note: Torex production is AuEq, implied reserve life is therefore indicative.

The gold segment is positioned around the middle of the peer cost range. PAAS reported FY25 AISC of US\$1,621/oz and formally guides to US\$1,700–1,850/oz in FY26, a midpoint of US\$1,775/oz and broadly in line with the current indicative peer median on the reported basis shown in Exhibit 12. Following H1 AISC of US\$1,918/oz, management now expects the full-year outcome to be at the high end of the range. Recent peer results also point to higher gold-sector costs. Agnico Eagle's H1 AISC increased to US\$1,471/oz from US\$1,227/oz a year earlier, while Eldorado's increased to US\$1,934/oz from US\$1,538/oz. Torex reported H1 AISC of US\$2,165/AuEq oz and raised FY26 guidance to US\$2,000–2,100/oz. B2Gold provides a partial counterpoint, reducing its FY26 AISC range modestly after a stronger-than-expected H1 operating performance.

At the operation level, Jacobina and El Peñón remain among the lower-cost operations within the gold segment, although both are now expected to produce c 10koz below the lower end of their original FY26 guidance ranges. El Peñón's particularly low reported AISC reflects substantial silver by-product credits, while Timmins and Minera Florida are both guided above US\$2,500/oz. The portfolio mix therefore leaves the gold segment AISC close to the peer median on a consolidated basis. Prevailing gold prices nevertheless support strong margins despite the higher cost base.

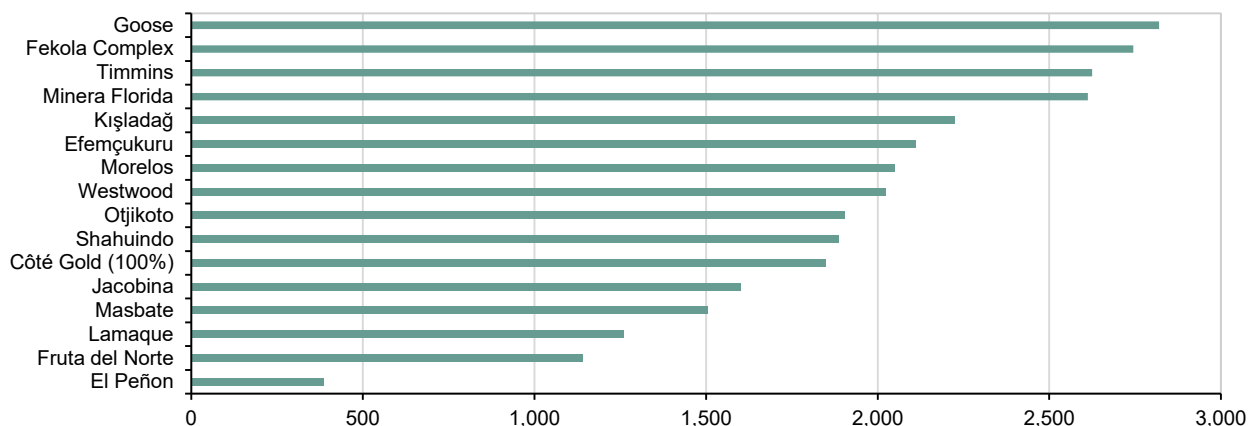
Overall, the gold business does not provide the same relative cost advantage as the silver segment, but its scale materially broadens PAAS's earnings and cash flow base relative to the primary silver peer group. It also provides internal funding capacity to support continued investment across the silver portfolio.

Exhibit 12: Selected gold peers production and cost comparison

Company	Principal producing operations	FY25 production, koz Au	FY25 AISC	FY26 production guidance, koz Au	FY26 AISC guidance	Reported basis
Agnico Eagle	Canadian Malaric, Detour Lake, LaRonde, Goldex, Macassa, Meliadine, Meadowbank, Fosterville, Kittila and Pinos Altos	3,447	US\$1,339/Au oz	3,300–3,500	US\$1,400–1,550/Au oz	Consolidated gold production and AISC
Kinross Gold	Tasiast, Paracatu, La Coipa, Fort Knox/Manh Choh, Round Mountain and Bald Mountain	2,012 AuEq	US\$1,571/AuEq oz	1,900–2,100 AuEq	US\$1,644–1,817/AuEq oz	Attributable production and AISC; guidance is 2.0Moz and US\$1,730/oz, both ±5%
B2Gold	Fekola Complex, Masbate, Otjikoto and Goose	980	US\$1,584/Au oz*	820–920	US\$2,370–2,550/Au oz	Consolidated production and AISC; FY25 production includes pre-commercial Goose ounces
IAMGOLD	Côté Gold (70%), Westwood and Essakane (85%)	766	US\$1,900/Au oz	720–820	US\$2,000–2,150/Au oz	Attributable production and consolidated AISC
Coeur Mining	Las Chispas, Palmarejo, Rochester, Kensington, Wharf, New Afton and Rainy River	419	US\$1,347/Au oz adjusted CAS	630–750	c US\$1,680–1,920/Au oz adjusted CAS**	FY26 includes nine months of New Afton and Rainy River; company does not report consolidated AISC
PAAS	Jacobina, El Peñón, Shahuindo, Timmins and Minera Florida; Dolores in residual leaching	742	US\$1,621/Au oz gold-segment	700–750	US\$1,700–1,850/Au oz gold-segment	Gold-segment production and AISC, net of silver and other by-product credits
Eldorado Gold	Kışladağ, Lamaque, Efemçukuru, Olympias and Skouries ramp-up	488	US\$1,664/Au oz	430–490 from existing operations	US\$1,670–1,870/Au oz for existing operations	Guidance for current operating mines; excludes expected pre-commercial Skouries/McIlvenna Bay production
Lundin Gold	Fruta del Norte	498	US\$1,015/Au oz	475–525	US\$1,110–1,170/Au oz	Single-asset production and AISC per ounce sold
Torex Gold	Morelos Complex: ELG Underground and Media Luna	376 AuEq	US\$1,783/AuEq oz	420–470 AuEq	US\$2,000–2,100/AuEq oz	Payable AuEq production and AISC per AuEq ounce sold

Source: Company data, Edison Investment Research

Note: *B2Gold's FY25 AISC excludes pre-commercial production and sales from Goose. **Edison calculation based on Coeur's mine-level production and adjusted CAS guidance. The derived midpoint is c US\$1,613/oz.

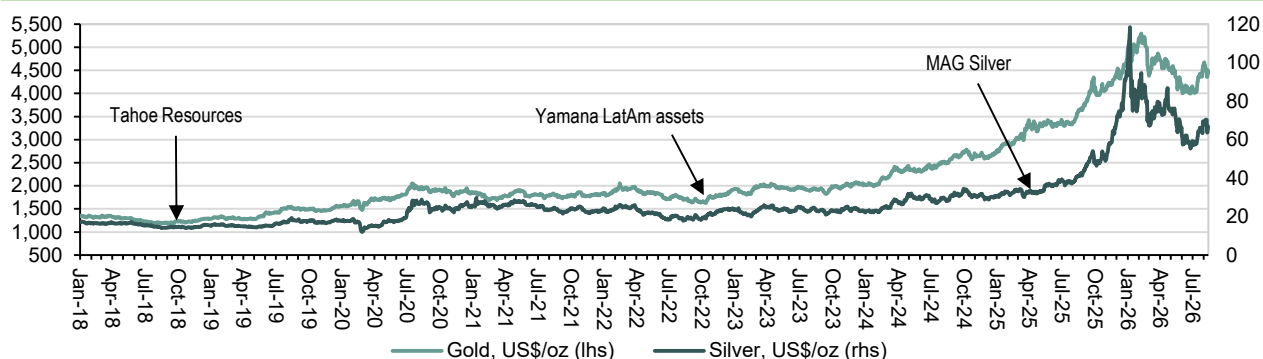
Exhibit 13: FY26 gold cost comparison by mine/operation, US\$/oz


Source: Company data, Edison Investment Research

M&A: Building scale through the cycle

The Tahoe Resources, Yamana Latin American assets and MAG Silver transactions each played a distinct role in reshaping PAAS's asset portfolio. Tahoe established a much larger gold cash flow base while adding the currently suspended Escobal mine; Yamana built most of the current gold business; and MAG added immediate, low-cost silver production through PAAS's 44% interest in Juanicipio. At the midpoint of the company's FY26 guidance, retained assets acquired through Tahoe and Yamana account for c 94% of attributable gold production, while Yamana and MAG assets contribute just over half of silver output.

The acquisitions were followed by active portfolio optimisation. PAAS subsequently sold La Arena and a series of development and exploration assets, including MARA and Agua de la Falda, while retaining royalties or contingent consideration on several divested projects. The current portfolio is consequently more concentrated around producing assets and internal growth opportunities, with development capital increasingly directed towards La Colorada Skarn, Jacobina and Timmins.

Exhibit 14: PAAS key acquisitions against commodity prices


Source: Edison Investment Research

Tahoe: Low entry multiple and gold expansion

PAAS completed the US\$1.14bn acquisition of Tahoe Resources in February 2019, comprising US\$275m of cash, US\$796m of PAAS shares and US\$72m of contingent value rights linked to a future Escobal restart. The transaction added Shahuindo, La Arena and Timmins, all producing gold mines, as well as Escobal. Based on Tahoe's adjusted performance for the first nine months of 2018 (9M18), our analysis at the time implied an annualised acquisition EV/EBITDA multiple of c 5x. Escobal was suspended and contributed no earnings to this calculation, leaving substantial silver optionality outside the acquired operating cash flow base.

The transaction materially increased PAAS's gold exposure ahead of a strong move in the gold price. Gold traded at

c US\$1,208/oz when the acquisition was announced in November 2018 and increased c 21% over the following 12 months and c 56% over 24 months. The acquired producing assets also delivered a rapid increase in earnings: our previous analysis estimated mine EBITDA from the three Tahoe gold mines at c US\$380m in FY20, compared with c US\$213m annualised based on the 9M18 performance. PAAS subsequently sold La Arena for US\$245m upfront, with a further US\$50m of contingent consideration and a 1.5% gold net smelter return (NSR) on La Arena II, leaving Shahuindo and Timmins in the producing portfolio alongside the retained Escobal exposure.

Yamana: Building the current gold platform

The March 2023 Yamana transaction materially expanded and diversified PAAS's gold business. PAAS issued c 154m shares for Yamana's Latin American assets, implying an equity value of c US\$2.8bn at completion. The acquired portfolio included Jacobina, El Peñon, Cerro Moro and Minera Florida, together with interests in MARA and Agua de la Falda. Using the first 12 months of acquired mine performance and adjusting for acquired cash and debt, completed disposals and transaction and integration costs, we derive an effective enterprise value of US\$3.17bn and EV/mine EBITDA of c 7.4x.

The four retained producing operations now form most of PAAS's gold business and also provide meaningful silver exposure through Cerro Moro and El Peñon. The timing was again favourable: gold was c US\$1,630/oz when the transaction was announced in November 2022 and increased c 21% over the following 12 months and c 67% over two years. PAAS also moved quickly to simplify the acquired portfolio, selling MARA and Agua de la Falda and retaining royalty exposure. Together with the subsequent La Arena disposal and sales of other non-core assets, this reduced future development requirements while preserving exposure to selected project upside.

MAG: Rebalancing towards silver

The acquisition of MAG Silver in September 2025 increased PAAS's exposure to low-cost silver production through MAG's 44% interest in Juanicipio. Total acquisition cost was US\$2.04bn, comprising US\$500m in cash, approximately 60.2m PAAS shares valued at US\$1.53bn. The acquisition also added the Larder project and Deer Trail option. At the time of the announcement in May 2025, our analysis implied a deal valuation of 14.4x FY24 EV/FCF, compared with PAAS at 24.9x.

Juanicipio's subsequent performance strengthened the acquisition economics and its rationale. Excluding transaction costs and deducting acquired corporate and attributable mine cash, the acquisition implied an EV of c US\$1.86bn. This equates to c 5.6x FY25 attributable adjusted mine EBITDA of US\$329m, based on the full-year operating results. Juanicipio is expected to contribute 6.0–6.5Moz of attributable silver in FY26. Q226 production reached 1.74Moz at a negative AISC of US\$6.1/oz, while cash distributions to PAAS totalled US\$192m in H126. The silver price was c US\$32/oz when the MAG transaction was announced in May 2025 and increased by approximately 147% over the following 12 months.

Exhibit 15: Summary of key acquisitions

	Tahoe Resources	Yamana LatAm assets	MAG Silver
Announced	Nov-18	Nov-22	May-25
Completed	Feb-19	Mar-23	Sep-25
Headline consideration	US\$1.14bn	US\$2.8bn equity value	US\$2.04bn
Principal assets	Shahuindo, La Arena, Timmins, Escobal	Jacobina, El Peñon, Cerro Moro, Minera Florida, MARA, Agua de la Falda	44% Juanicipio, Larder, Deer Trail
Transaction/operating metric	c 5.0x annualised adjusted 9M18 EBITDA	7.4x adjusted post-deal mine EBITDA	14.4x FY24 EV/FCF as of May 2025; 5.6x completion FY25 EV/Attributable adjusted mine EBITDA
Subsequent portfolio actions	La Arena sold; Escobal retained	MARA, Agua de la Falda and other non-core assets sold	Juanicipio retained; Fresnillo remains operator. Larder divested
Relevant metal move after announcement	Gold +21% in 12m; +56% in 24m	Gold +21% in 12m; +67% in 24m	Silver +147% in 12m
Strategic contribution	Established gold cash-flow platform and retained Escobal optionality	Built diversified gold platform	Added immediate low-cost silver exposure

Source: PAAS, Edison Investment Research

Note: Valuation references use different periods and definitions and are indicative rather than directly comparable. MAG multiple is based on consideration net of acquired cash and FY25 attributable mine EBITDA.

The three major acquisitions were completed at generally attractive valuation levels and have increased PAAS's scale, earnings capacity and asset quality. Tahoe was acquired at c 5x annualised adjusted EBITDA, while our analysis of the Yamana transaction implied 7.0x EV/EBITDA at announcement versus PAAS at c 10.5x. Our initial MAG analysis indicated 14.4x FY24 EV/FCF versus PAAS at 24.9x, while subsequent FY25 performance implies a completion EV/

attributable adjusted mine EBITDA multiple of c 5.6x. These measures capture both the valuations available around announcement and the subsequent earnings delivered by the acquired assets, indicating that PAAS generally acquired assets at valuations below its own levels. Subsequent commodity-price appreciation and operating performance further strengthened the economics of the transactions.

Retained royalties preserve exposure to divested assets

PAAS retains 16 royalty interests over divested assets, preserving exposure to subsequent development without associated construction or operating capital requirements. The largest disclosed interests are associated with MARA, La Arena II and Agua de la Falda, which had an aggregate carrying value of c US\$131m at end-2025. The portfolio also includes royalties over a number of earlier-stage silver and gold projects. Most remain development or exploration-stage assets and currently provide limited cash flow.

Exhibit 16: Selected PAAS royalty interests

Asset	Royalty interest	Current project owner	End-2025 carrying value, US\$m
MARA	0.75% copper NSR	Glencore	90
La Arena II	1.5% gold NSR	Zijin Mining	30
Agua de la Falda	1.25% precious metals NSR + 0.2% base metals NSR*	Rio Tinto/Codelco	11
Waterloo	2.0% NSR	Apollo Silver	–
Cerro Puntudo	1.0% NSR	Unico Silver	–
São Francisco, La Virginia, Lucita, Falcon and El Dorado	1.0–2.0% NSRs	Various	–
Other	Five additional retained royalties	Various	–

Source: PAAS. Note: NSR, net smelter return. Carrying values are accounting values and should not be interpreted as current market valuations. *Agua de la Falda royalties apply to certain mineral concessions based on the percentage interest sold.

Diversified portfolio with concentrated earnings

PAAS operates five principal silver mines and five gold operations, with Dolores now in residual leaching and Juanicipio accounted for on an equity basis at 44%. In FY25, the portfolio generated US\$3.78bn of attributable mine revenue and US\$2.04bn of mine EBITDA, representing an overall margin of 54%. The gold segment remained the larger earnings driver, contributing 67% of mine revenue and 72% of mine EBITDA at a 57% margin, compared with 47% for the silver segment. Gold segment earnings were driven by Jacobina, El Peñon and Shahuindo, while Cerro Moro and Juanicipio accounted for approximately half of silver segment mine EBITDA, despite Juanicipio contributing for only four months following completion of the MAG acquisition.

However, the FY25 mix understates the current weighting of the silver business. PAAS guides to attributable production of 25–27Moz of silver and 700–750koz of gold in FY26, with the increase in silver output principally reflecting the first full-year contribution from Juanicipio. This coincides with a stronger relative silver price environment: the gold/silver ratio implied by PAAS's commodity price assumptions falls from c 85x in FY25 to c 60x in FY26. The silver segment's contribution to revenue and mine EBITDA should therefore increase, although the benefit will be partly offset by higher royalties, workers' participation and other price-linked charges. Gold remains the larger current cash flow base, while silver provides stronger near- and medium-term growth exposure. Exhibit 17 summarises key production and financial metrics for the individual operations.

The current FY26 outlook is somewhat weaker for gold than the original mine-level guidance implied. PAAS continues to guide to 25–27Moz of silver and 700–750koz of gold following Q2, but now expects gold production at the low end of the range and gold AISC at the high end. This principally reflects weaker expectations at Jacobina and El Peñon, partly offset by stronger expected H2 production at Timmins and Shahuindo.

Exhibit 17: Summary of PAAS operations

FY25 production						FY26 production guidance			
Operation	Location	Silver, Moz	Gold, koz	Revenue, US\$m	Mine EBITDA, US\$m (margin)	FY25 AISC, US\$/oz	Silver, Moz	Gold, koz	FY26 AISC guidance, US\$/oz
Silver segment									
La Colorada	Mexico	6.0	4.6	312	144 (46%)	24.9	5.80–6.25	-	33.25–35.75
Juanicipio, 44%	Mexico	2.5	6.7	164	138 (84%)	(3.2)	6.00–6.50	17.5–18.5	2.25–4.25
Cerro Moro	Argentina	2.5	83.1	401	157 (39%)	(14.0)	2.80–3.00	80.0-86.0	(25.75)–(21.75)
Huaron	Peru	3.3	0.1	220	90 (41%)	21.6	3.25–3.50	-	27.75–29.75
San Vicente, 95%	Bolivia	2.9	0.0	134	49 (37%)	21.8	2.70–2.90	-	41.00–43.00
Silver-segment total		17.3	94.5	1,231	578 (47%)	13.9	20.55–22.15	100.0–107.0	15.75–18.25
Gold segment									
Jacobina	Brazil	0.0	190.5	658	451 (69%)	1,306	-	181–191	1,550–1,650
El Peñon	Chile	3.9	115.2	596	336 (56%)	1,104	3.65-3.95	104.0-111.0	275–500
Shahuindo	Peru	0.2	132.2	482	314 (65%)	1,614	0	125.5–135.0	1,825–1,950
Timmins	Canada	0.0	103.6	362	146 (40%)	2,443	-	105.5-115.0	2,575–2,675
Minera Florida	Chile	0.4	68.6	271	95 (35%)	2,537	0	66.0-71.0	2,550–2,675
Dolores	Mexico	1.0	37.6	176	118 (67%)	1,012	0.35-0.45	18.0-20.0	2,550–2,800
Gold-segment total		5.6	647.7	2,545	1,460 (57%)	1,621	4.45-4.85	600.0-643.0	1,700–1,850
Attributable total		22.8	742.2	3,776	2,038 (54%)	-	25.0-27.0	700.0-750.0	

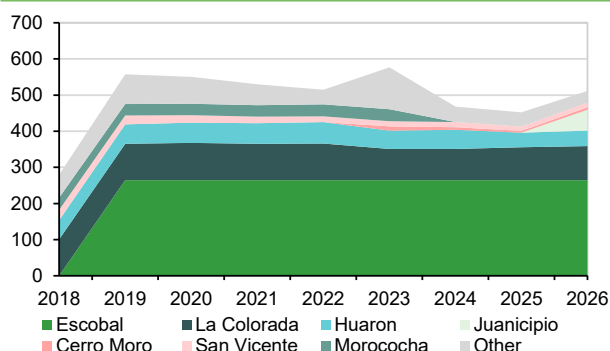
Source: PAAS

Note: Mine-level ranges are original FY26 guidance. Following Q2, management expects group gold production at the low end of 700–750koz and gold AISC at the high end of US\$1,700–1,850/oz; Jacobina and El Peñon are each expected to produce c10koz below the lower end of their original annual ranges.

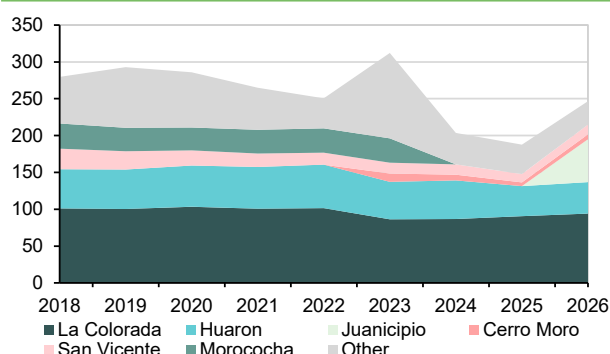
Silver reserves: M&A increased scale, with solid organic replacement rates

PAAS's attributable P&P silver reserves increased from c 280Moz of contained silver in 2018 to c 511Moz at June 2026, with acquisitions accounting for most of the growth. Tahoe added 264.5Moz at Escobal at an average P&P grade of 334g/t Ag, Yamana brought Cerro Moro and silver contained within the acquired gold operations, and MAG contributed 58.3Moz through PAAS's 44% interest in Juanicipio. These gains were partly offset by production depletion and the disposal of Morococha. Of the June 2026 total, c 479Moz is attributable to silver-segment assets. Excluding Escobal, which remains suspended, the company's attributable P&P silver reserves total c 247Moz, compared with c 280Moz in 2018. After allowing for cumulative production and changes in the asset portfolio over the period, this indicates that a substantial proportion of depletion has been replaced.

The trend continued in the 2026 reserve update. On a comparable basis including Juanicipio, PAAS's June 2026 total attributable P&P silver reserves of c 511Moz increased slightly from c 510Moz at June 2025, reflecting more than 100% silver reserve replacement across operations during the year. La Colorada added 3.5Moz net of depletion, taking its P&P reserves to 94.2Moz of silver at an implied average grade of c 277g/t Ag. Huaron, San Vicente and Cerro Moro also recorded net gains of 1.9Moz, 1.8Moz and 1.6Moz, respectively, partly reflecting higher metal-price assumptions. At 58Moz of contained silver, Juanicipio now provides the second-largest reserve base among PAAS's producing silver operations after La Colorada, materially improving the duration and quality of the operating portfolio.

Exhibit 18: PAAS total P&P silver reserves evolution, Moz contained Ag


Source: PAAS. Note: Other includes gold operations and legacy assets.

Exhibit 19: Total P&P silver reserves excluding Escobal, Moz contained Ag


Source: PAAS. Note: Other includes gold operations and legacy assets.

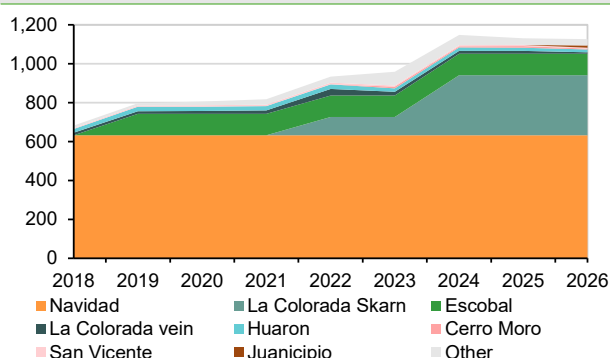
Silver resources: Growth and conversion concentrated at La Colorada

PAAS reports mineral resources exclusive of mineral reserves. At June 2026, the headline resource totals remained dominated by Navidad and Escobal. Navidad contained 632.3Moz of measured and indicated (M&I) resources at an average grade of 127g/t Ag and a further 119.4Moz of inferred resources at 81g/t. Escobal contained 110.2Moz of M&I resources at 208g/t Ag and 10.7Moz of inferred resources at 180g/t. These assets provide substantial longer-term development and restart optionality but do not currently contribute to production.

Excluding Navidad and Escobal, attributable M&I contained silver increased from less than 50Moz in 2018 to c 384Moz at June 2026, principally driven by the discovery of La Colorada Skarn and subsequent resource expansion and conversion (Exhibit 21). The deposit's initial resource, reported in 2020, comprised 141Moz of silver in the inferred category. By June 2026, drilling had increased the inventory to 308.7Moz of M&I resources at an average grade of 36g/t Ag, alongside 58.6Moz of inferred resources at 30g/t. The conversion of a large proportion of the resource from inferred to indicated increased geological confidence and provided a stronger basis for the revised PEA and current development programme. Although the Skarn has a lower silver grade than the existing La Colorada vein operation, it has a substantially larger resource base and also contains significant zinc and lead mineralisation.

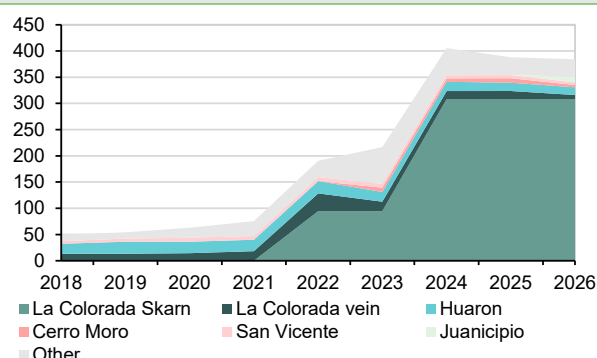
Exploration at the existing La Colorada operation has also materially expanded its resource base. Inferred contained silver outside Skarn stood at 144.3Moz at June 2026, compared with 94Moz in 2024, following eastward extensions of the known veins and contact-type mineralisation at Manto Sur. Juanicipio contributes 11.0Moz of attributable M&I silver resources and 25.7Moz of inferred resources, based on PAAS's 44% interest in the estimate reported by Fresnillo as at 30 April 2025 and incorporated into PAAS's June 2026 resource statement. Changes at the remaining producing operations have been comparatively modest, leaving La Colorada as the principal source of organic silver resource growth across the portfolio.

Exhibit 20: Total attributable silver M&I resources evolution, Moz contained Ag



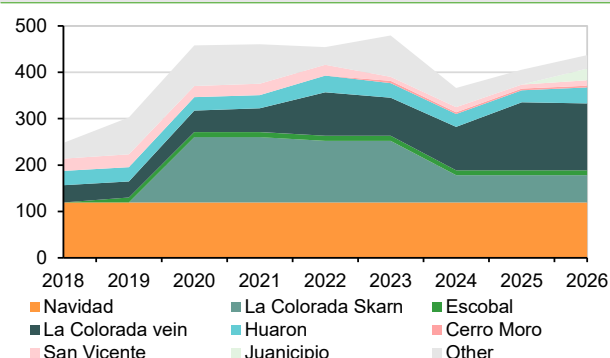
Source: PAAS

Exhibit 21: M&I resource excluding Navidad and Escobal, Moz contained Ag



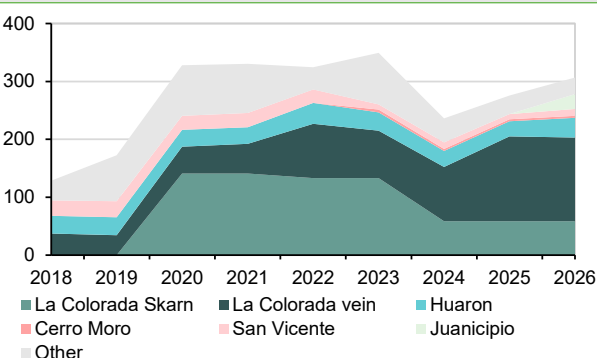
Source: PAAS

Exhibit 22: Total attributable silver inferred resource evolution, Moz contained Ag



Source: PAAS

Exhibit 23: Inferred resource excluding Navidad and Escobal, Moz contained Ag



Source: PAAS

Gold reserves and resources: A more focused core portfolio

PAAS's attributable gold inventory expanded materially with the Yamana acquisition before declining through the subsequent disposal of non-core assets. P&P gold reserves increased from 3.6Moz in 2022 to 12.9Moz in 2023, while M&I resources rose from 8.1Moz to 17.5Moz. The sales of MARA and Agua de la Falda reduced the reserve base in 2024, followed by the disposal of La Arena and La Arena II, which was the main driver of the reduction in M&I resources to 9.9Moz at June 2025.

Subsequent sales of La Pepa, Pico Machay and Lavra Velha reduced attributable M&I gold resources to c 7.5Moz at June 2026; together with the divestment of Arco Sul, inferred resources declined to c 7.2Moz. The remaining gold inventory is more concentrated around the operating portfolio, particularly Jacobina, which contains 3.1Moz of P&P reserves, 5.0Moz of M&I resources and 3.0Moz of inferred resources. Jacobina therefore accounts for approximately half of current attributable gold reserves and two-thirds of M&I resources, making it central to sustaining and potentially expanding the group's gold production over the longer term.

Exhibit 24: Gold contained in reserves and resources, Moz

	Jun-22	Jun-23	Jun-24	Jun-25	Jun-26
P&P mineral reserves	3.6	12.9	6.9	6.3	6.3
M&I mineral resources	8.1	17.5	15.5	9.9	7.5
Inferred mineral resources	5.7	9.2	9.4	8.6	7.2
Total reserves and resources	17.4	39.6	31.8	24.8	21.0

Source: PAAS

Organic growth: Silver uplift followed by staged expansion

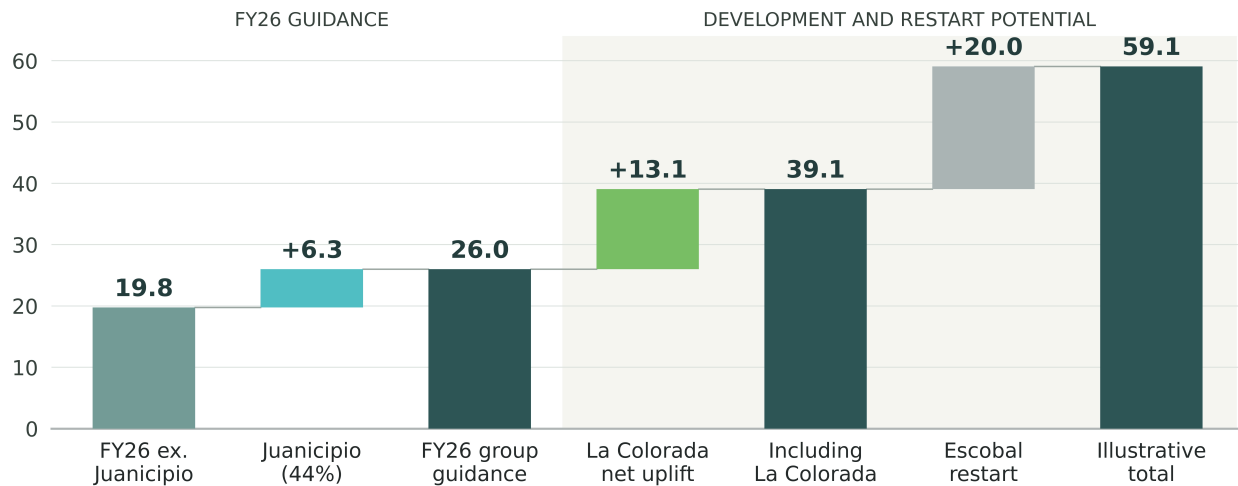
PAAS is advancing a diverse organic growth portfolio spanning brownfield optimisation, mine-life extension, large-scale development and potential mine restarts. The growth pipeline offers exposure to both gold and silver; however, the majority of incremental production comes from the silver segment. Jacobina and Timmins are focused mainly on sustaining mine life and gold output. Juanicipio, La Colorada Skarn and, potentially, Escobal drive the increase in silver production. Navidad adds longer-term greenfield exposure but cannot currently advance under provincial legislation.

The timing of the growth is staggered. Juanicipio is expected to contribute 6.0–6.5Moz of attributable silver in FY26 and is already part of the current production base. In the gold segment, Jacobina and Timmins are advancing optimisation and infrastructure programmes through the second half of the decade, with no formal expanded production targets at this stage. The revised La Colorada PEA targets first Skarn production in 2032 and average combined silver output of 19.1Moz per year in 2034–38, c 13.1Moz above the midpoint of current La Colorada guidance. Holding the remainder of the portfolio at the FY26 level, this would take illustrative group silver output from c 26Moz to c 39Moz. On the same basis, a restart of Escobal at its historical c 20–21Moz annual production rate would take the illustrative total towards c 59–60Moz, more than double the FY26 guidance midpoint. We include no Escobal production in our forecasts as the restart timetable remains uncertain.

Exhibit 25: PAAS organic growth pipeline

Asset	FY26 operating base	Principal initiative	Indicative timing	Potential portfolio effect
Juanicipio, 44%	6.0–6.5Moz Ag	Conveyor, development and resource conversion	Immediate; conveyor Q326	Low-cost immediate silver production uplift, with mine-life extension potential
Jacobina	181–191koz Au	Plant, tailings, backfill and mine optimisation	Workstreams from 2026	Sustains the gold base with potential incremental expansion. 10ktpd throughput under assessment vs c 8.4ktpd nominal capacity; no expanded production target
Timmins	105.5–115koz Au	Bell Creek shaft and satellite integration	Shaft commissioning H129	Shaft extension to 1,705m; access to satellite resources and spare mill capacity. Potential mine-life extension and production growth
La Colorada	5.80–6.25Moz Ag	588 decline and 15ktpd expanded mine	Initial Skarn production 2032; peak 2034–38	Transformational silver growth to 19.1Moz pa combined output in 2034–38, c13.1Moz above current guidance midpoint
Escobal	Care & maintenance; 264.5Moz P&P Ag	Completion of ILO 169 consultation and potential restart	No restart date	Material silver upside; historical production c 20–21Moz pa

Source: PAAS, Edison Investment Research

Exhibit 26: Illustrative silver production growth potential, Moz


Source: PAAS, Edison Investment Research

La Colorada: Building towards a 19Moz per year combined operation

The La Colorada development combines the existing high-grade vein mine with the larger Skarn expansion. The vein operation remains the current production base and is expected to continue alongside development of Skarn. Following completion of the ventilation improvements, La Colorada produced 6.0Moz of silver in FY25, generating US\$312m of revenue and US\$144m of mine EBITDA at a 46% margin. FY26 guidance is broadly stable at 5.80–6.25Moz, while AISC is expected to increase from US\$24.9/oz to US\$33.25–35.75/oz, mainly reflecting higher royalties. The existing La Colorada operation, excluding Skarn, contains 94.2Moz of P&P silver reserves at an implied average grade of c 277g/t Ag, 7.5Moz of M&I and 144.3Moz of inferred resources.

The revised 2026 PEA recasts the Skarn development around a smaller, higher-grade operation. The deposit contains 308.7Moz of indicated and 58.6Moz of inferred silver resources, together with 9.2Mt of zinc and 4.2Mt of lead. The revised plan combines selected higher-grade Skarn zones with newly identified vein mineralisation in eastern Candelaria and replaces the previous 50ktpd bulk-mining concept with a 15ktpd operation using long-hole stoping and paste backfill. Planned silver, zinc and lead grades increase by 84%, 45% and 54%, respectively, compared with the 2023 PEA, while initial capital falls from US\$2.8bn to US\$1.9bn and the existing vein mine continues operating.

Exhibit 27: La Colorada Skarn PEA summary

Metric	2023 PEA	Revised 2026 PEA
Principal mining approach	Bulk/caving concept	Long-hole open stoping with paste backfill
Nominal processing rate	50,000tpd	15,000tpd
Skarn production life	18 years	37 years
Average silver production during comparable initial period	18.5Moz pa	15.8Moz pa
Existing vein-mine contribution	Not integrated	3.3Moz pa
Combined peak five-year silver production	—	19.1Moz pa
Silver share of revenue	17%	42%
Initial capital	US\$2.8bn	US\$1.9bn
Initial five-year AISC	—	Negative US\$22.67/oz

Source: PAAS. 2023 PEA: silver US\$22/oz, zinc US\$2,800/t and lead US\$2,200/t; revised PEA: US\$45/oz, US\$2,800/t and US\$2,000/t, respectively. The expansion's mine life, FCF, revenue mix and AISC exclude the separate contribution from existing vein reserves.

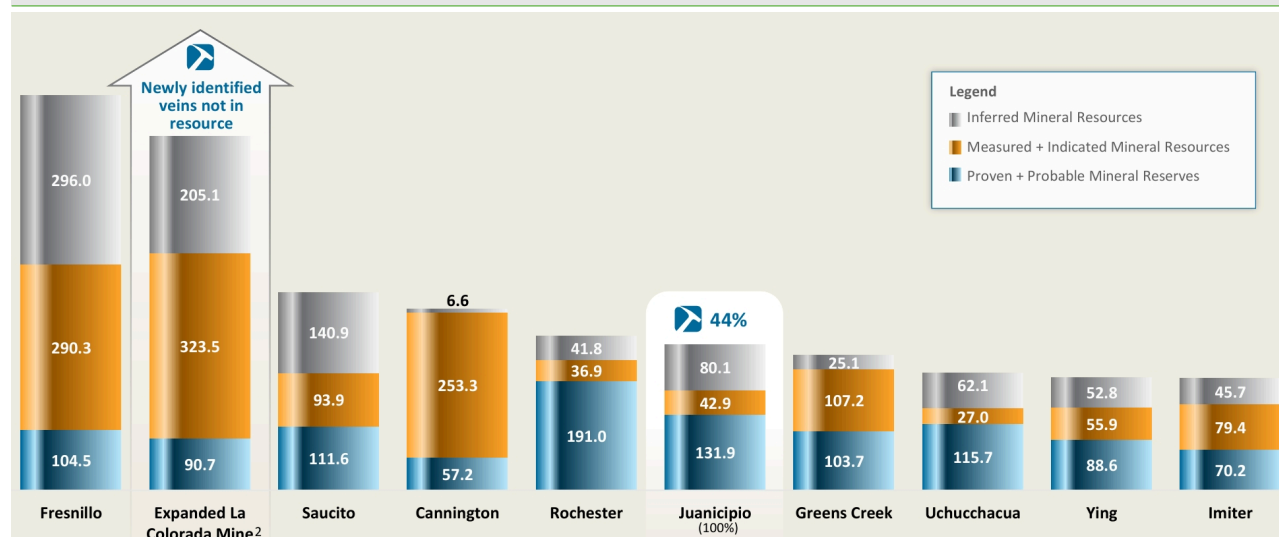
The expanded complex is expected to produce an average 19.1Moz of silver per annum in 2034–38, comprising 15.8Moz from the revised PEA expansion, which combines Skarn and additional vein resources, and 3.3Moz from existing vein reserves. The PEA expansion has a 37-year production life and is expected to generate average annual FCF of US\$653m during the initial five-year period, against initial capital of c US\$1.9bn, implying a four-year payback. The revenue mix is strongly polymetallic: at PEA commodity prices, silver contributes 42%, zinc 39% and lead 19%, with base metals accounting for 58% of revenue. Base-metal credits reduce the initial five-year AISC to negative US\$22.7/oz on a silver basis. La Colorada would also become a major zinc producer, broadening the earnings mix relative to the existing vein mine.

Having considered a strategic partner, PAAS now intends to fund the development from internal cash flow. This is supported by the project's lower initial capital requirement, together with the group's stronger cash generation and

balance sheet. In August 2026, PAAS started development of the 588 decline and has approved US\$265m over five years for 12.4km of underground development, including c US\$70m in 2026. The decline will access the 901–903 zones, establish ventilation and materials-handling connections and provide further geological and geotechnical information. It does not require an incremental permit, although the shafts, processing plant and tailings facilities will require further approvals. Engineering for the production and ventilation shafts is already under way alongside drilling and work towards a pre-feasibility study.

The current schedule assumes development and construction through 2031, first Skarn production in 2032 and a two-year ramp-up. At peak, the expanded complex would produce c 13Moz more silver than the midpoint of current La Colorada guidance. The PEA does not include recent vein and Skarn drilling outside the current resource models or the possible longer-term extraction of lower-grade Skarn material using caving methods, leaving scope to increase production and/or extend the mine life further.

Exhibit 28: La Colorada comparison by resource

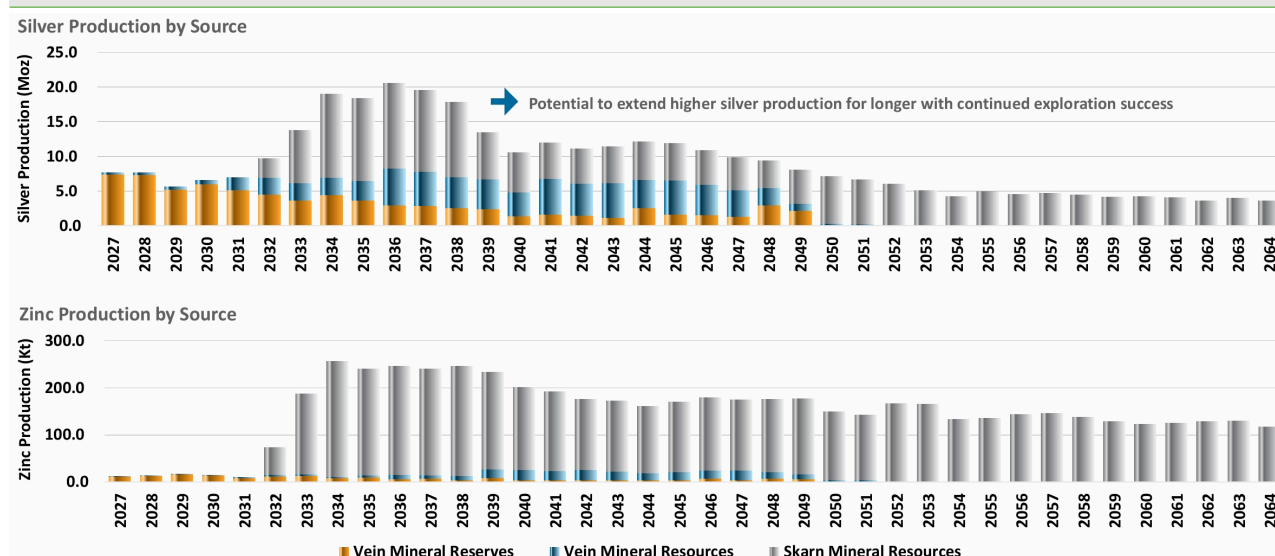


Source: PAAS

Exhibit 29: La Colorada comparison by production



Source: PAAS

Exhibit 30: La Colorada proposed silver and zinc production over life


Source: PAAS

Jacobina: Brownfield optimisation and higher throughput

Jacobina is an underground gold mine in Brazil and PAAS's largest gold operation. It produced 190.5koz in FY25, generating US\$658m of revenue and US\$451m of mine EBITDA at a 69% margin and an AISC of US\$1,306/oz. The mine contains 3.1Moz of P&P reserves, equivalent to approximately 17 years of production at the midpoint of FY26 guidance, together with 5.0Moz of M&I and 3.0Moz of inferred resources.

Current work is focused on improving mine flexibility and assessing a higher-throughput operating case. Jacobina has used open stoping for around 40 years, with relatively limited backfill. Following seismic events in recent years, PAAS adjusted mine sequencing in Q226, including leaving larger pillars, reducing production rates in selected higher-grade areas and increasing development to open additional mining zones. Management now expects FY26 production to be c 10koz below the lower end of the original 181–191koz guidance range. In the longer term, PAAS is evaluating alternative AVOCA-type mining methods and backfill options as part of the wider optimisation programme.

The processing study is assessing throughput of up to 10,000tpd, compared with nominal capacity of c 8,400tpd, and includes a potential third grinding line. Parallel work covers process-plant simplification, tailings filtration and dry stacking, paste backfill and power infrastructure. PAAS is assessing whether to upgrade the existing processing circuit in stages or build a new plant, with conceptual engineering nearing completion.

PAAS guides to US\$53–57m of project capital at Jacobina in FY26, including process optimisation, mine infrastructure and equipment, alongside more than 50,000m of exploration drilling. Underground development is expected to increase towards 20,500m annually and the near-term recovery target is at least 96%. No formal expanded production target or complete capital estimate has yet been disclosed. The programme is therefore focused on extending mine life and improving operating performance, with any increase in production dependent on the outcome of the wider optimisation work.

Juanicipio: Performance ahead of plan

Juanicipio is a high-grade underground silver-gold-zinc-lead operation in Zacatecas, Mexico, operated by Fresnillo, which owns 56%, with PAAS holding the remaining 44% following the MAG acquisition. Development ore was processed from mid-2020 and the flotation plant was commissioned in March 2023, with nameplate production achieved later that year. On PAAS's 44% attributable basis, Juanicipio contains 58.3Moz of P&P silver reserves (c 132.5Moz on a 100% basis), together with 11.0Moz of M&I resources (c 25.0Moz) and 25.7Moz of inferred resources (c 58.4Moz). The estimates have an effective date of 30 April 2025 and are incorporated into PAAS's June 2026 reserve and resource statement. Fresnillo currently reports a reserve-based operating life of around eight years, making resource conversion and continued exploration important to the longer-term outlook.

The project's first two full years at nameplate capacity have run ahead of the operating schedule outlined in the 2024 technical report. Material processed was 3% above plan in 2024 and 5% above plan in 2025, while silver grades were

16% and 14% higher, respectively. Contained silver was around 20% above plan in both years, with actual production of 18.6Moz in 2024 and 17.6Moz in 2025. Implied silver recoveries improved from 92.9% to 93.8%. Lead and zinc grades were also above plan, particularly in 2025, while gold grades remained below the technical report schedule.

PAAS guides to FY26 attributable production of 6.0–6.5Moz of silver and 17.5–18.5koz of gold at an AISC of US\$2.25–4.25/oz. The full-year contribution is the principal driver of the increase in group silver guidance to 25–27Moz. In H126, Juanicipio's attributable silver production reached 3.5Moz at a negative AISC of US\$4.5/oz, while attributable revenue and mine EBITDA were US\$329m and c US\$281m, respectively, implying an EBITDA margin of c 85%. Dividends paid to PAAS reached US\$192m in H126, following US\$44m during the four months of ownership in FY25. The H1 dividend was equivalent to c 94% of PAAS's H1 capital expenditure and c 23% of the company's reported cash flow from operations.

Near-term investment is focused on operating efficiency, underground development and reserve conversion. The 4.2km underground conveyor was 66% complete at Q126 and is scheduled for completion in Q326, with estimated annual savings of US\$8.4m, while underground development is being increased towards 1,200m per month. The relatively short current mine life makes conversion of the resource inventory and continued exploration important to extending production beyond the existing reserve plan. PAAS remains a non-operating minority partner, limiting its control over future investment and development decisions.

Exhibit 31: Juanicipio actual performance versus mine plan, 100% basis

	2024 mine plan	2024 actual	Variance	2025 mine plan	2025 actual	Variance
Material processed, Mt	1.3	1.3	3%	1.3	1.4	5%
Silver head grade, g/t	403.0	468.2	16%	373.0	425.8	14%
Contained silver, Moz	16.6	20.0	20%	15.6	18.8	20%
Gold head grade, g/t	1.45	1.25	-14%	1.50	1.27	-15%
Contained gold, koz	59.9	53.4	-11%	62.8	56.1	-11%
Lead head grade, %	1.44	1.50	4%	1.57	1.82	16%
Contained lead, kt	18.5	19.9	8%	20.5	25.0	22%
Zinc head grade, %	2.76	2.78	1%	2.70	3.30	22%
Contained zinc, kt	35.5	36.9	4%	35.2	45.3	29%

Source: Company data

Timmins: Mine-life extension and production growth potential

The Timmins operation in Canada includes the Bell Creek and Timmins West underground mines, with ore processed through the Bell Creek plant. PAAS acquired the assets as part of the Tahoe transaction in 2019. Timmins produced 103.6koz in FY25 at an AISC of US\$2,443/oz, generating US\$146m of mine EBITDA at a 40% margin, while FY26 guidance is 105.5–115koz at US\$2,575–2,675/oz.

The Timmins Camp Project is intended to extend the mine life and bring deeper and satellite mineralisation into the existing infrastructure. PAAS announced the phased development plan in June 2026 and has approved US\$146m for the first phase. This includes a 625m extension of the Bell Creek shaft, an 814m access drift towards Vogel and a 1.3km exploration drift towards Samson. The shaft will be deepened from 1,080m to 1,705m, with construction expected in 2026–28 and commissioning in H129.

The existing processing plant provides capacity for additional feed. Bell Creek can process approximately 5,600tpd, compared with current throughput of around 4,400tpd. At June 2026, Vogel contained 74koz of indicated and 338koz of inferred gold resources, while Gold River contained 117koz of indicated and 1.03Moz of inferred resources. PAAS plans c 118,000m of drilling at Timmins in 2026 and a PEA for the Timmins Camp Project in H127.

The shaft extension should improve access to deeper mineralisation and reduce haulage and ventilation requirements, while satellite deposits could increase utilisation of the existing mill. PAAS has not disclosed an expanded production target, but the programme could extend production into the 2040s and support higher output over time and lower the cost base. Near-term costs remain relatively high: H126 production fell 5% y-o-y and AISC increased by US\$574/oz, reflecting higher energy, maintenance, development and sustaining-capital costs.

Escobal: 20Moz per year restart potential

Escobal is a high-grade underground silver project in Guatemala acquired with Tahoe in 2019. Operations have been suspended since 2017, but the mine was previously one of the largest primary silver operations globally. Escobal produced 20–21Moz in 2014–16 at an AISC of US\$8–9/oz. The asset retains a large high-grade reserve and resource base. At June 2026, Escobal contained 264.5Moz of P&P silver reserves at an average grade of 334g/t Ag, together with 110.2Moz of M&I and 10.7Moz of inferred resources. Historical annual production is equivalent to almost 80% of

the midpoint of PAAS's current group silver guidance and, on the illustrative basis used in Exhibit 26, would take group output towards c 60Moz if La Colorada also reaches its PEA production profile.

A restart remains dependent on completion of the court-mandated ILO 169 consultation with the Xinka people. While the process has taken longer than the market initially anticipated, the government-led consultation continues with the Xinka people and Pan American. There is still no timetable for completion and no restart date. We therefore exclude Escobal production from our forecasts. With much of the mine infrastructure already in place and the existing reserve base equivalent to approximately 13 years of production at historical rates, Escobal has the potential to transform PAAS's silver production profile if the consultation is completed and operations restart.

Management: Long-tenured team with an established track record

PAAS has a long-tenured senior management team, with much of the current leadership having spent more than a decade at the company. President and CEO Michael Steinmann joined PAAS in 2004 and has led the group since 2016. A geologist by training, he has more than 30 years of mining and capital-markets experience. His tenure as CEO has included the Tahoe, Yamana and MAG acquisitions, the subsequent disposal of La Arena and other non-core assets, and the reduction in leverage following the larger transactions.

The operating team has also retained continuity through the recent COO succession. Steve Busby joined PAAS in 2003 and served as COO for more than 17 years before moving to a special advisor role in October 2025. Scott Campbell, previously responsible for operations and projects, succeeded him as COO and brings more than 25 years of experience in exploration, project development and mining operations, principally in Latin America. CFO Ignacio Couturier joined PAAS in 2002 and has held roles across treasury, planning, risk management, capital markets and corporate development.

The next phase of the company's development places greater emphasis on organic project execution. PAAS is now funding the La Colorada decline, advancing the Jacobina and Timmins programmes and managing a larger shareholder-return framework alongside a net-cash balance sheet. The long tenure of the management team provides continuity as the group moves from portfolio restructuring towards a more development-intensive period.

Exhibit 32: Selected senior management

Executive	Current role	PAAS tenure/appointment	Relevant experience
Michael Steinmann	President & CEO	Joined 2004; CEO since 2016	>30 years in precious/base metals; mine development, operations, M&A and financing; led PAAS through Tahoe, Yamana and MAG transactions
Scott Campbell	COO	COO since October 2025	>25 years in exploration, project development and operations, with extensive Latin American experience
Ignacio Couturier	CFO	Joined 2002; CFO since 2022	Treasury, planning, commercial, risk management, capital markets and corporate development
Steve Busby	Special advisor to CEO	Joined 2003; former COO for >17 years	Nearly 40 years in mine development, construction and operations across the Americas and other mining regions

Source: PAAS

Silver market: Persistent deficits, limited supply response

The silver market remains in deficit. Metals Focus estimates a 40Moz shortfall in 2025, the fifth consecutive annual deficit, despite a 7% increase in total supply and a 2% reduction in demand. A further 46Moz deficit is forecast for 2026, taking the cumulative shortfall since 2021 to c 760Moz. Successive periods of deficit have reduced above-ground inventories and increased sensitivity to shifts in physical and investment demand. Strong ETP inflows and physical buying contributed to severe London market tightness in late 2025, including periods of elevated lease rates and price volatility.

Mine supply has yet to show a sustained response to structurally higher prices. Global production increased 3% to 847Moz in 2025 but is forecast to decline marginally to 844Moz in 2026, remaining below the 900Moz produced in 2016. More significantly, primary silver production fell for a third consecutive year in 2025 to 221Moz and now represents only 26% of global mine supply, down from 32% in 2016. The increasing reliance on silver produced as a by-product of lead/zinc, copper and gold mines limits the responsiveness of supply to the silver price, as investment decisions are principally driven by the economics of the primary metal. Contributions from new silver projects also remain constrained by long development timelines and high capital requirements.

Cost pressures provide an additional constraint on supply growth. Metals Focus estimates a global primary-silver AISC of US\$12.2/oz in 2025, broadly unchanged year-on-year, although the result benefited materially from higher gold by-

product credits. Sustaining capital increased 18%, while higher royalties, labour, consumables and energy costs are expected to put upward pressure on costs in 2026. This is consistent with the wide cost dispersion evident in our peer analysis, with a number of producing operations reporting or guiding to AISC materially above the industry average. Higher prices improve producer margins and support investment, but new supply still requires higher capital spend and multi-year development timelines, potentially limiting the speed of the supply response.

Exhibit 33: Global mine silver production by source metal, Moz

	2016	2025	Change
Primary silver	289	221	-24%
Lead/zinc	264	249	-6%
Copper	205	237	16%
Gold	135	135	—
Other	7	5	—
Total mine production	900	847	-6%
Primary silver share	32%	26%	(6)pp

Source: World Silver Survey 2026

Industrial demand continues to account for more than half of global silver consumption despite some near-term moderation. Industrial offtake declined 3% to 657Moz in 2025 and is forecast to fall another 3% in 2026, but remains well above pre-2022 levels. Photovoltaic demand is declining as higher silver prices accelerate thrifting and substitution, partly offset by continued growth in AI and data-centre infrastructure, automotive applications, power-grid investment and other electrical uses. Investment demand also remains sizeable, with coin and net bar demand forecast to increase 18% in 2026.

We therefore see the medium-term silver price as supported by the combination of persistent deficits, limited mine-supply growth and continued structural industrial demand. Higher prices are already encouraging recycling, substitution and lower silver loadings, particularly in photovoltaics, which should gradually reduce the deficit. However, with primary mine supply declining, most production dependent on other commodity markets and new projects requiring substantial capital and development time, a rapid supply-led return to sustained surplus appears unlikely.

These fundamentals support our long-term silver price assumption of US\$40/oz from 2030. This still assumes a marked normalisation from the current spot price of c US\$60/oz and FY26 and FY27 consensus price forecasts of c US\$72/oz and US\$68/oz. We view the assumption as consistent with the industry-wide cost escalation and rising capital intensity of incremental supply and with a market likely to remain structurally tight even as recycling, thrifting and substitution potentially moderate demand growth.

Exhibit 34: Global silver supply, demand and market balance, Moz

	2020	2021	2022	2023	2024	2025	2026F
Mine production	790	825	834	811	824	847	844
Other supply	191	194	196	186	196	243	222
Total supply	982	1,019	1,030	997	1,020	1,090	1,066
Industrial demand	512	564	592	657	679	657	640
Other demand	417	538	692	540	478	474	473
Total demand	929	1,102	1,284	1,197	1,157	1,131	1,113
Market balance	53	(84)	(254)	(200)	(138)	(40)	(46)
Net investment in ETPs	331	65	(117)	(37)	68	278	30
Market balance less ETPs	(279)	(149)	(137)	(163)	(206)	(318)	(76)

Source: World Silver Survey 2026

Financials: Scale and prices drive stronger cash generation

PAAS's earnings base has expanded substantially since 2018 through acquisitions, operating improvements and higher precious metal prices. Reported revenue increased from US\$785m in FY18 to US\$1.35bn in FY19 following the Tahoe acquisition, while EBITDA almost doubled from US\$214m to US\$416m. Despite the pandemic-related production disruption in 2020, stronger metal prices supported EBITDA of US\$469m, increasing further to US\$593m in FY21.

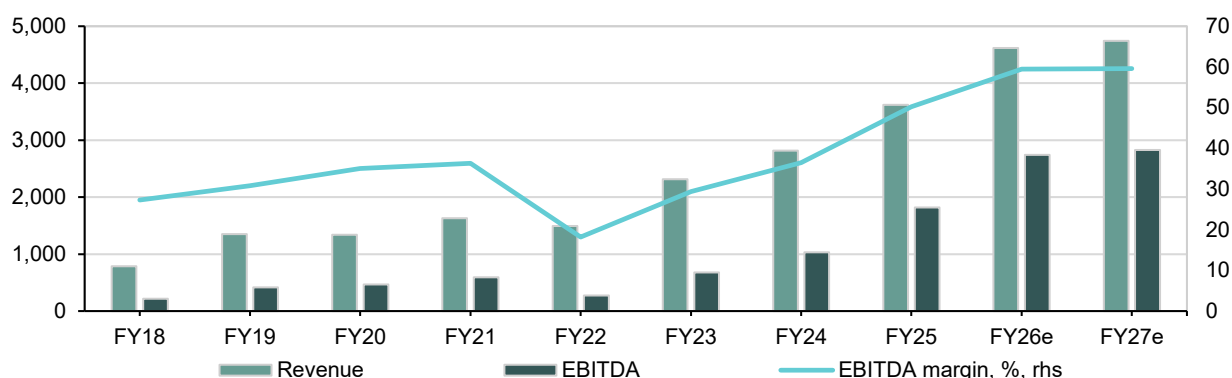
FY22 marked a temporary reversal, with revenue of US\$1.49bn and EBITDA of US\$272m as industry-wide cost inflation and operational pressures reduced margins. The Yamana acquisition reset the earnings base from 2023. Revenue increased to US\$2.32bn in FY23 and US\$2.82bn in FY24, while EBITDA rose to US\$681m and US\$1.03bn,

respectively. The four retained Yamana operations had generated a 56% mine EBITDA margin in FY22, compared with 24% for standalone PAAS, and increased the weighting of higher-margin assets in the portfolio.

A second major step-up followed in FY25–26 as stronger precious metal prices, the gradual recovery at La Colorada and the initial Juanicipio contribution supported higher earnings. The company's reported revenue reached US\$3.62bn in FY25, while EBITDA, including income from the equity-accounted Juanicipio investment, increased to US\$1.82bn. We forecast a further increase to US\$4.62bn and US\$2.75bn, respectively, in FY26, including the first full-year contribution from Juanicipio.

Reported operating cash flow increased from US\$450m in FY23 to US\$1.33bn in FY25, and we now forecast US\$1.80bn in FY26 despite substantially higher cash taxes. In parallel, the balance sheet has strengthened considerably, moving from net debt of US\$361m at end-FY23 to net cash of US\$467m at end-FY25 and US\$864m at end-Q226.

Exhibit 35: PAAS historical revenue, EBITDA and margin performance



Source: PAAS, Edison Investment Research. Note: Revenue is reported on a consolidated basis and excludes Juanicipio. EBITDA includes income from PAAS's 44% equity-accounted interest in Juanicipio.

H126: Strong cash generation

H126 saw further improvements in earnings and cash generation. H126 reported cash flow from operations reached US\$825m, with Q2 attributable operating cash flow of US\$418m and attributable FCF of US\$344m despite US\$205m of cash taxes. Net cash increased to US\$864m at end-Q2. Silver production was at the upper end of quarterly guidance, while gold production was below guidance and both segment AISC measures increased from Q1. PAAS maintained its formal FY26 production and cost ranges but now expects gold production at the low end of 700–750koz and gold AISC at the high end of US\$1,700–1,850/oz. We discussed the quarter and revised outlook in detail in our August Q2 [results update](#).

Enhanced shareholder return framework

Stronger cash generation has allowed PAAS to increase shareholder distributions while continuing to invest in its growth portfolio. The enhanced shareholder return framework announced in May targets the distribution of 35–40% of annual attributable FCF through dividends and share repurchases. At the time of launch, management indicated that this could support up to US\$1bn of shareholder returns in 2026 if the current level of cash generation was sustained, including approximately US\$305m of dividends.

On a cash-paid basis, PAAS returned US\$101m in Q1 and a record US\$300m in Q2, taking H1 shareholder returns to US\$401m. By 11 August it had repurchased 7.3m shares for US\$358m, including US\$224m in Q2, while the Q2 dividend increased to US\$0.184/share as the lower share count allows the company to maintain its targeted aggregate dividend while increasing the per-share payment.

The balance sheet provides capacity for both distributions and organic investment. Our FY26 forecast includes US\$358m of share repurchases already completed through 11 August and c US\$301m of dividends, alongside c US\$521m of capital expenditure. We nevertheless forecast year-end net cash of US\$1.29bn, increasing to US\$2.58bn in FY27. Our FY27 estimate does not assume any additional share repurchases, leaving further capital-return capacity dependent on commodity prices, investment requirements and management's ongoing application of the framework.

Exhibit 36: Enhanced shareholder return framework and 2026 progress

	Q126	Q226	Q326 to 11 Aug	2026 YTD	2026 framework at launch
Dividend declared in respect of period, US\$	0.180	0.184	–	–	Increasing as shares are cancelled
Aggregate dividends declared in respect of period, US\$m	76	76	–	152	c 305
Share buybacks, US\$m	25	224	109*	358	c 695
Shares repurchased, m	0.46	c 4.4	c 2.44*	c 7.3	–
Average buyback price, US\$/share	54.0	51.5	c 44.7*	49.2	–
Declared dividends and completed buybacks, US\$m	101	300	109*	510*	Up to c 1,000
Progress vs c US\$1bn illustration	10%	30%	11%	51%	100%

Source: PAAS, Edison Investment Research

Note: *Edison calculation based on cumulative repurchases disclosed through 11 August less Q1 and Q2 reported repurchases. Q3 dividend has not yet been declared. The shareholder return framework targets 35–40% of annual attributable FCF through dividends and share repurchases; the up-to-US\$1bn 2026 return represented management's illustration at launch assuming continued strong FCF generation. Dividends are allocated to the reporting quarter to which they relate. The Q126 and Q226 dividends were declared on 5 May and 12 August, respectively.

PAAS's 35–40% attributable FCF payout target is broadly consistent with the shareholder-return frameworks of the large gold producers but compares favourably with the principal silver peers. Kinross and Agnico Eagle both target returns of around 40% of annual FCF through dividends and share repurchases, while Lundin Gold's policy is more distribution-heavy, with a US\$300m annual fixed dividend and a variable component based on at least 50% of normalised FCF after the fixed payment. Among the large silver peers, Fresnillo targets 50% of adjusted attributable profit, while Coeur introduced a US\$750m share repurchase programme and US\$0.02/share semi-annual dividend in 2026. By 31 July, Coeur had repurchased US\$121m of shares and paid its first semi-annual dividend. Hecla paid US\$24.9m of common dividends in 2024 under its former silver-linked dividend policy but removed the variable component in February 2025 and now pays a minimum US\$0.015/share annual dividend, equivalent to just c US\$10m per year.

Near-term estimate revisions

We have lowered our FY26 and FY27 estimates to reflect updated consensus commodity-price assumptions and a more cautious industry cost outlook, including current energy-price pressures. We forecast attributable silver production of c 26.5Moz in both years, while our gold production estimates are 706koz in FY26 and 728koz in FY27. Our forecasts now imply revenue of US\$4.62bn and US\$4.71bn, EBITDA of US\$2.75bn and US\$2.81bn, and company-adjusted EPS of US\$3.55 and US\$3.67, respectively.

The modest increase in FY27 EBITDA is driven primarily by higher gold production and a higher assumed gold price, partly offset by a lower silver price. Production costs and royalties are broadly stable in our model. We forecast net cash of US\$1.3bn at end-FY26 and US\$2.6bn at end-FY27, with no additional FY27 share repurchases assumed. Our forecasts assume no further cash distributions from Juanicipio in FY26e and c US\$200m in FY27e. Our long-term silver and gold prices remain US\$40/oz and US\$3,000/oz.

Exhibit 37: Changes to estimates

	FY26e old	FY26e new	Change	FY27e old	FY27e new	Change
Revenue, US\$m	4,658	4,617	-1%	4,914	4,707	-4%
EBITDA, US\$m	2,806	2,746	-2%	3,163	2,814	-11%
Adjusted EPS, US\$	3.65	3.55	-3%	4.24	3.67	-13%
Year-end net cash, US\$m	1,340	1,285	-4%	2,860	2,579	-10%

Source: Edison Investment Research

Valuation: Lower NAV, discount to large peers

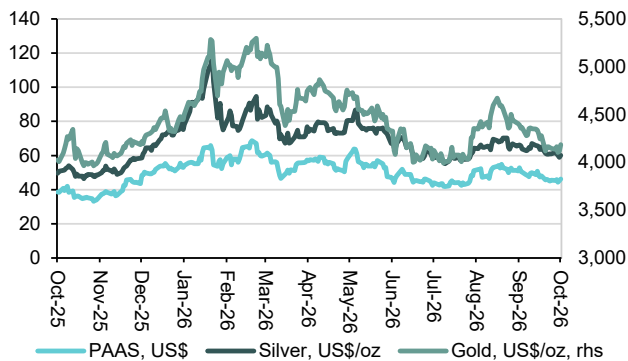
NAV falls to US\$64/share on estimate revisions and higher WACC

Our DCF-based NAV falls from US\$68/share to US\$64/share. The reduction reflects updated earnings estimates and a higher WACC following the rise in government bond yields, partly offset by a higher La Colorada Skarn valuation. The higher Skarn valuation reflects our US\$40/oz long-term silver price, which implies an incremental after-tax NPV5 of c US\$2.27bn based on the sensitivity in the revised PEA, compared with c US\$1.93bn at US\$35/oz. Juanicipio, Escobal and La Colorada Skarn remain among the largest contributors to our valuation, alongside the operating portfolio.

Commodity volatility weighs on the sector

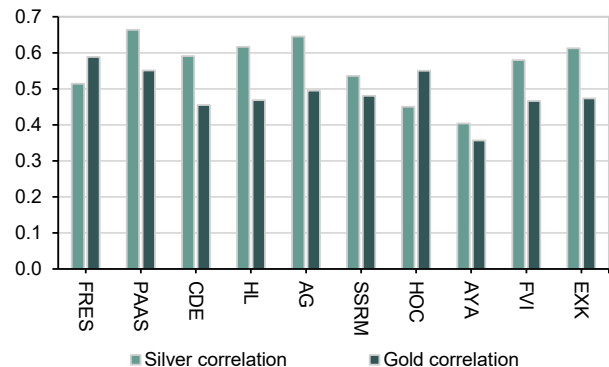
Precious-metal markets have recently seen increased volatility as higher oil prices have reinforced inflation concerns, pushing bond yields and the US dollar higher and increasing expectations of tighter monetary policy. Gold and silver consequently gave back part of their August gains during September, with the sharp late-month sell-off followed by continued volatility in early October. The weakness also weighed on precious-metal equities. Higher real yields increase the opportunity cost of holding non-yielding gold, while a stronger US dollar is also typically negative for precious metals. Inflation can support gold as a store of value, but it can weigh on prices when it leads to tighter monetary policy. Although near-term volatility remains high, the medium-term backdrop continues to be supported by central-bank purchases, investment demand and limited mine-supply growth.

Exhibit 38: PAAS share price performance versus gold and silver



Source: LSEG Data & Analytics

Exhibit 39: 10-year correlation of daily share-price returns with gold and silver

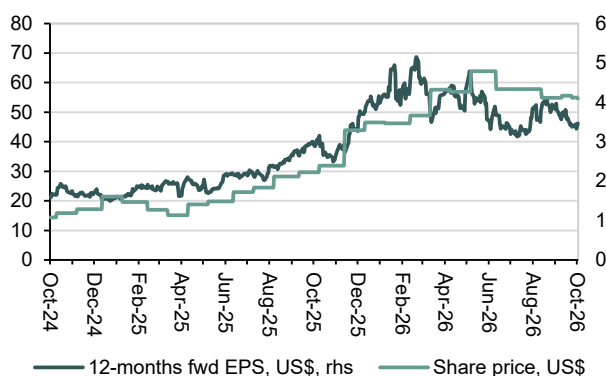


Source: LSEG Data & Analytics, Edison Investment Research

PAAS shares have not been immune to the recent commodity weakness, consistent with their long-term sensitivity to precious metal prices. Based on daily price changes over the past 10 years, PAAS has the highest correlation with silver in the peer group at 0.66, compared with a peer average of 0.56. Its correlation with gold of 0.55 is also above the peer average of 0.49. This reflects PAAS's dual commodity exposure: the shares retain particularly strong silver sensitivity despite gold currently representing the larger earnings contribution, while the correlations across the peer group indicate that the recent weakness has been sector-wide rather than company-specific.

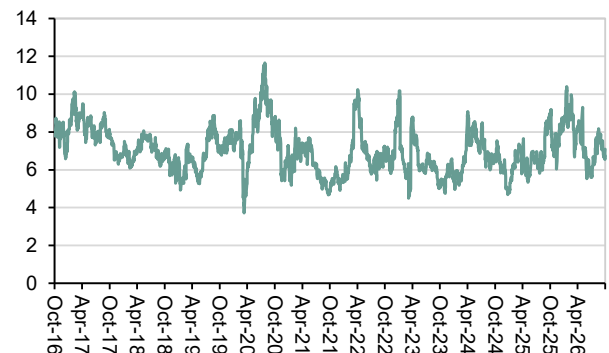
Despite the recent commodity and equity-market volatility, the company's 12-month forward consensus EPS has been broadly flat since July, following strong upgrades earlier in 2026. This may partly reflect the lag between spot-price movements and estimate revisions, as well as the market's reluctance to extrapolate short-term volatility. With PAAS shares weakening while earnings expectations have remained broadly stable, its 12-month forward EV/EBITDA has now fallen to 6.9x, only marginally above its five-year average of 6.8x.

Exhibit 40: PAAS versus 12-month forward EPS



Source: LSEG Data & Analytics

Exhibit 41: PAAS 12-month forward EV/EBITDA



Source: LSEG Data & Analytics

Peer group valuation: Sector derating, but discount to large peers persists

Precious metals equities have recently derated against the backdrop of volatile gold and silver prices. On consensus estimates, PAAS trades on FY26e and FY27e EV/EBITDA multiples of 6.9x and 5.9x and P/E multiples of 12.8x and 10.4x, respectively. This is broadly in line with the wider silver peer group, while PAAS trades at a modest premium to the broader gold group. This is consistent with the typical sector valuation pattern, whereby primary silver producers

trade at a premium to gold producers.

The discount is more visible against the large peers. Fresnillo, Coeur, Hecla and First Majestic trade at average FY26e and FY27e EV/EBITDA multiples of 8.5x and 7.1x and P/E multiples of 17.7x and 14.1x. This places PAAS at discounts of c 17–19% on EV/EBITDA and c 26–28% on P/E. Agnico Eagle, Kinross and Lundin Gold average 7.7x and 7.2x EV/EBITDA and 13.9x and 13.4x P/E, implying discounts for PAAS of c 10–18% and c 8–22%, respectively.

Given PAAS's silver scale, net-cash balance sheet and strong, internally funded silver growth profile, we believe these discounts are not justified. While ongoing buybacks should provide some near-term support to the shares, consistent operating delivery, cost control and progress at La Colorada would support a re-rating.

Exhibit 42: PAAS peer group valuation comparison

	Mcap, US\$m	EV, US\$m	FY26e	FY27e	FY26e	FY27e
PAAS - consensus	19,133	18,270	6.9	5.9	12.8	10.4
Silver peers						
Fresnillo	26,862	25,637	6.4	6.0	12.9	12.3
Coeur Mining	17,609	17,262	6.5	4.4	14.6	9.5
Hecla Mining	11,467	11,002	13.3	10.7	23.4	16.7
First Majestic	8,508	8,000	7.7	7.4	20.0	17.7
SSR Mining	7,148	5,711	4.7	3.7	8.9	8.7
Aya Gold and Silver	3,939	3,798	13.4	11.3	22.8	19.3
Hochschild	3,549	3,647	4.2	3.6	9.8	8.0
Fortuna Mining	3,228	2,900	3.2	2.9	8.8	6.4
Endeavour Silver	2,561	2,323	5.6	3.4	12.4	8.4
Average			7.2	5.9	14.8	11.9
Gold peers						
Agnico Eagle	95,823	92,676	8.7	8.3	15.9	15.6
Kinross	28,121	26,325	4.7	4.4	9.4	8.7
Lundin Gold	16,230	15,722	9.6	8.9	16.3	15.8
IAMGOLD	10,705	10,785	4.6	4.2	8.9	8.0
Eldorado Gold	9,842	11,053	7.1	4.4	11.4	7.3
B2Gold	6,913	7,164	3.2	2.4	9.2	5.1
Torex Gold	4,783	4,713	3.7	3.3	8.1	7.3
Average			5.9	5.1	11.3	9.7

Source: Bloomberg. Priced at 09/10/2026

Risks and sensitivities

PAAS's earnings, cash flow and valuation are most sensitive to changes in gold and silver prices. Higher metal prices increase revenue and margins, but can also raise royalties, workers' participation and other price-linked costs. Mine-level performance is also exposed to grade, recovery, throughput, geotechnical conditions, inflation and sustaining-capital requirements, with several gold operations currently at a relatively high AISC.

The main project risks relate to La Colorada and Escobal. La Colorada requires further engineering, permitting and substantial development capital before first Skarn production targeted for 2032; PAAS intends to fund the project from internal cash flow. Escobal remains dependent on completion of the ILO 169 consultation, with no restart timetable. PAAS is also a non-operating 44% partner at Juanicipio, limiting its control over future investment and development decisions. The group's geographic spread creates additional exposure to changes in taxation, royalties, permitting and political conditions across its operating jurisdictions in Latin America.

Exhibit 43: Financial summary

US\$m, Dec year end	2023	2024	2025	2026e	2027e
	IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT					
Revenue	2,316	2,819	3,619	4,617	4,707
Cash production costs	(1,479)	(1,634)	(1,604)	(1,789)	(1,792)
DD&A	(484)	(572)	(497)	(499)	(485)
Royalties	(56)	(65)	(113)	(230)	(231)
Gross Profit	297	549	1,405	2,098	2,199
G&A	(61)	(70)	(116)	(108)	(100)
Other operating costs	(97)	(42)	(46)	(51)	(47)
Operating profit (before amort. and excepts.)	196	553	1,243	1,939	2,052
EBITDA	681	1,029	1,817	2,746	2,814
Other operating expenses	3	11	(9)	(4)	0
Exceptionals	(104)	84	(78)	0	0
Reported operating profit	38	531	1,233	2,243	2,329
Net Interest and other finance expense	(91)	(85)	(84)	(94)	(89)
Profit Before Tax (norm)	108	479	1,227	2,149	2,240
Investment income (loss)	(6)	(14)	89	31	0
Profit Before Tax (reported)	(59)	432	1,238	2,180	2,240
Reported tax	(46)	(319)	(258)	(698)	(717)
Profit After Tax (norm)	62	291	969	1,452	1,523
Profit After Tax (reported)	(105)	113	980	1,483	1,523
Minority interests	(1)	1	2	2	2
Net income (normalised)	63	290	967	1,450	1,521
Net income (reported)	(104)	112	978	1,481	1,521
Average Number of Shares Outstanding (m)	327	363	381	418	415
EPS - basic normalised (\$)	0.19	0.80	2.53	3.47	3.67
EPS - basic reported (\$)	(0.32)	0.31	2.56	3.54	3.67
EPS - adjusted company (\$)	0.12	0.79	2.54	3.55	3.67
Dividend declared (\$)	0.40	0.40	0.54	0.72	0.72
BALANCE SHEET					
Fixed Assets	5,823	5,482	7,546	7,686	7,673
Tangible assets	5,675	5,325	5,338	5,362	5,272
Investments	0	0	0	0	0
Other, including investment in Juanicipio	148	157	2,208	2,324	2,401
Current Assets	1,390	1,720	2,196	3,071	4,414
Inventories	712	606	588	652	677
Receivables	138	165	232	225	249
Cash	400	863	1,215	2,002	3,296
ST investments	41	25	104	135	135
Other	100	62	57	57	57
Current Liabilities	(624)	(687)	(817)	(856)	(882)
Creditors	(498)	(489)	(549)	(588)	(614)
Short term borrowings and leases	(52)	(47)	(58)	(58)	(58)
Other	(74)	(150)	(210)	(210)	(210)
Long Term Liabilities	(1,816)	(1,799)	(1,924)	(2,037)	(2,070)
LT debt and leases	(749)	(756)	(794)	(794)	(794)
Other long term liabilities	(1,067)	(1,043)	(1,130)	(1,243)	(1,276)
Net Assets	4,773	4,717	7,001	7,864	9,136
Minority interests	(12)	(13)	(4)	(6)	(8)
Shareholders' equity	4,761	4,704	6,997	7,858	9,128
CASH FLOW					
Profit after tax	(105)	113	980	1,483	1,523
D&A, exceptionals, other	664	926	709	951	1,014
Working capital movement	69	(128)	(29)	(18)	(24)
Tax	(149)	(164)	(318)	(620)	(717)
Net Interest	(28)	(23)	(9)	0	0
Net operating cash flow	450	724	1,333	1,796	1,796
Capex	(379)	(323)	(314)	(521)	(393)
Acquisitions/disposals	759	310	41	0	0
Equity financing	0	(23)	(43)	(358)	0
Dividends	(130)	(145)	(175)	(301)	(299)
Other	(9)	(87)	(407)	203	189
Net Cash Flow	691	456	435	818	1,294
Opening net debt/(cash), including ST investments	85	361	(84)	(467)	(1,285)
FX and other	(967)	(11)	(53)	0	0
Closing net debt/(cash)	361	(84)	(467)	(1,285)	(2,579)
Closing net debt/(cash), excluding ST investments	402	(60)	(363)	(1,150)	(2,444)

Source: PAAS, Edison Investment Research. Note: Revenue is reported on a consolidated basis and excludes Juanicipio. EBITDA includes income from PAAS's 44% equity-accounted interest in Juanicipio.

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Management team

President & CEO: Michael Steinmann

Michael Steinmann joined Pan American in 2004 and was appointed president and CEO in 2016. He has more than 30 years of experience in the base metals and precious metals sectors, including South American mine operations, project development, M&A and capital markets. He holds a PhD in natural science (geology) from ETH Zurich, an MSc in geology from the University of Zurich and a degree in corporate finance from ESAN in Lima.

CFO: Ignacio Couturier

Ignacio Couturier joined Pan American in 2002 and was appointed CFO in 2022, having previously served as vice president, finance. He has nearly 25 years of experience across treasury, planning, commercial and risk management, with additional experience in capital markets and corporate development. Before joining Pan American, he worked for Minera Antamina and Rio Algom. He holds a BSc in geological engineering from Queen's University and an MBA from McGill University.

COO: Scott Campbell

Scott Campbell was promoted to COO in October 2025 after serving as senior vice president, operations and projects. He first joined Pan American in 2019 and has more than 25 years of mining-industry experience spanning exploration, project development and mine operations, principally in Latin America. His previous roles include country general manager for Ecuador at Dundee Precious Metals and senior positions with Barrick Gold in Argentina and Peru. He holds a degree in earth sciences from Dalhousie University and post-graduate diplomas from Harvard Business School and UC Berkeley.

Special advisor to the CEO: Steve Busby

Steve Busby joined Pan American in 2003 and was appointed Special Advisor to the CEO in October 2025 after serving as COO for more than 17 years. He has nearly 40 years of precious metals mining experience, including mine development and construction across the Americas and other international jurisdictions. Before joining Pan American, he held positions with Coeur d'Alene Mines, Amax Gold, Meridian/FMC Gold and Nerco Minerals. He holds a BSc in mineral processing engineering and is director of Ero Copper.

Principal shareholders

%

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Blackrock Investment Management	2.1%

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