

# Pan American Silver

## Positive drill results at La Colorada Skarn

Drilling results update

Metals and mining

Pan American Silver (PAAS) has announced the results of additional infill and exploration drilling at the La Colorada Skarn project. The latest data are based on 22 new drill holes totalling c 18,000m and contain a number of high-grade intercepts, providing a further indication of the project's scale and potential. The company plans to release an update on the project's mineral resource estimate in Q322.

Year end	Revenue (US\$m)	EBITDA (US\$m)	EPS* (US\$)	DPS (US\$)	P/E (x)	Yield (%)
12/20	1,338.8	469.1	0.57	0.22	33.0	1.2
12/21	1,632.8	593.2	0.60	0.34	31.3	1.8
12/22e	1,710.5	564.7	0.68	0.48	27.6	2.6
12/23e	1,629.9	580.4	0.81	0.64	23.2	3.6

Note: \*EPS is normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

At La Colorada Skarn, PAAS reported the results for 22 new infill and step-out drill holes totalling approximately 18,000m. The latest data show a number of wide and high-grade intercepts and build on the earlier positive exploration results, with over 200,000m drilled on the project to date. In particular, one of the infill drill holes in the western part of the deposit was reported to contain an extensive zone of high-grade silver and base metals mineralisation with an intercept of 296m at 234g/t of Ag, including 97m at 654g/t of Ag. The company plans to provide an update on the project's mineral resource estimate in Q322, however the latest drill results will not be included as they were obtained after the cut-off date. As at 30 June 2021, La Colorada Skarn had 141Moz of contained silver at 44g/t in the inferred category. As our valuation of the project is based on the resource multiple, we will update it following the release of the latest mineral resource data.

In other news, PAAS has recently announced that it will report its Q222 financial results on 10 August after the market close. While the commodity prices remained at relatively favourable levels during the quarter, the key focus of the release will be on the cost performance and the pace of the production recovery at the flagship La Colorada project. We will update our estimate and the valuation of the company following the planned release of the results.

25 July 2022

**Price** **US\$18.8**

**Market cap** **US\$3,957m**

Net cash (US\$m) at Q122 (excluding short-term investments) 224.8

Shares in issue 210.5m

Free float 100%

Code PAAS

Primary exchange TSX

Secondary exchange NYSE

### Share price performance



### 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. The company owns eight producing operations, the currently suspended top tier Escobal silver mine and a number of large-scale advanced exploration projects.

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