

Pan American Silver

Investment in Galleon Gold

Pan American Silver (PAAS) announced that it had completed an equity investment in Galleon Gold for C\$11.25m, representing a 14.7% interest in the company. Earlier, PAAS provided convertible debt to Galleon for C\$8.0m. Together with warrants, the equity investment and debt represent a 29.7% share in Galleon's capital on a fully diluted basis. PAAS views this acquisition as a long-term investment. Given the current small size of the investment for PAAS, we make no changes to our estimates and maintain our valuation at US\$44/share ahead of the FY26 guidance in January and the Skarn PEA due in Q226.

Year end	Revenue (\$m)	EBITDA (\$m)	EPS (\$)	DPS (\$)	EV/EBITDA (x)	Yield (%)
12/23	2,316.1	680.6	0.19	0.41	26.9	0.8
12/24	2,818.9	1,028.6	0.80	0.40	17.8	0.8
12/25e	3,462.2	1,709.9	2.16	0.48	10.7	1.0
12/26e	4,070.3	2,537.3	2.92	0.52	7.2	1.1

Note: EPS is Edison normalised. EBITDA is adjusted for the Juanicipio equity contribution.

As part of a private placement, Pan American Silver acquired ownership of 18.75m units of securities in Galleon Gold (TSX: GGO; market cap C\$57m) for a total consideration of C\$11.25m. Each unit represents one common share of Galleon and one half of a warrant, with each whole warrant entitling the holder to acquire one additional share in the company at an exercise price of C\$0.75/share (cf current share price of C\$0.72). The equity investment represents a 14.7% share of the Galleon capital on an undiluted basis. In August, PAAS provided a convertible debt facility to Galleon for C\$8.0m, with a term of 36 months and an interest rate of 10%, payable in cash or shares. It is convertible at a price of C\$0.45/share. On a fully diluted basis, the equity investment, warrants and debt represent a 29.7% interest in Galleon's capital. At present, PAAS's investment in Galleon is capped at 19.9% pending its approval as a control person of Galleon at the next annual shareholder meeting of the company.

Galleon Gold is a North American explorer and developer mainly focused on advancing its West Cache Gold Project in Timmins, Ontario. It is located c 7km north-east of Pan American's Timmins West Mine and 14km south-west of Newmont's Hollinger Mine. A preliminary economic assessment (PEA) published in early 2022 provided an NPV₅ for the project of C\$913m at a gold price of US\$3,000/oz and C\$1,430m at US\$4,000/oz. The companies had also signed a memorandum of understanding (MOU), according to which PAAS will toll process a bulk sample from West Cache at its Timmins operation.

PAAS noted that Galleon is a long-term investment for the company. Given the small size of the investment at present, we make no changes to our estimates and maintain our valuation of PAAS at US\$44/share ahead of the FY26 operational guidance in January and the release of the Skarn PEA in Q226. We believe that the PEA, which will provide more details on the new, staged development approach for the La Colorada deposit, could be an important catalyst for PAAS shares and is not yet fully priced in by the market.

Equity investment

Metals and mining

10 December 2025

Price **\$48.41**

Market cap **\$18,380m**

Net cash/(debt) at Q325, including short-term investments \$53.9m

Shares in issue 422.0m

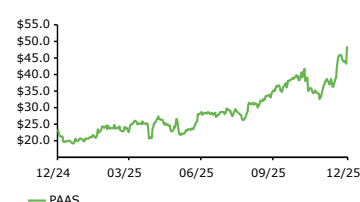
Free float 100.0%

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 10 producing operations, the suspended top-tier Escobal silver mine, a 44% interest in the large-scale Juanicipio silver mine and several large-scale advanced exploration and development projects.

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