

ABRA Chairman's Letter February 2025

Dear Shareholders,

2024 was a stellar year for AbraSilver, marked by significant exploration successes and corporate advancements! Our exploration team extended their successful track record of resource growth, notably extending the high-grade JAC zone and making a [new gold discovery](#) that is 3.5 km from the main Oculito silver-gold deposit at Diablillos. From a technical standpoint, we strengthened our team by adding [engineering expertise](#), filed an [Environmental Impact Assessment](#) ("EIA"), and released an [updated Diablillos Pre-Feasibility Study](#) ("PFS") demonstrating extremely robust economics. On the corporate side, we announced an [option agreement with Teck Resources](#) on the La Coipita project, [consolidated our shares](#), and brought in [Kinross Gold and Central Puerto as strategic investors](#).

Strong Momentum Heading Into 2025

AbraSilver entered 2025 with significant momentum and has no intentions of slowing down. Silver and gold prices continue to rise, building on strong moves in 2024. Argentina's economy is turning around under President Javier Milei and recent legislation to promote investment should result in massive economic benefits for our Diablillos project. Aided by these positive macro developments, we have just completed CAD\$58.5 million in oversubscribed financings, ensuring the necessary capital for permitting, completion of a Definitive Feasibility Study, final property payments, continued exploration drilling, and more. The strong investor demand reflects increasing optimism towards Argentina, a robust precious metals outlook, of course, AbraSilver's long-term value creation potential.

Macro Environment and Outlook

Before outlining our plans for 2025, I would be remiss not to touch on the macro environment. Silver and gold prices were up 20.5% and 26.5%¹, respectively, in 2024. Demand for gold has been driven in part by central banks around the world replacing US dollar reserve assets with gold. The US national debt is on an unsustainable trajectory upwards and interest costs on that debt are taking a toll. According to Fitch Ratings, "The interest expense is now the second-largest spending item for the U.S. government, topping defense spending and Medicare (only social security is higher)." Most expect this situation to continue under President Trump, who's policies are further driving dollar uncertainty through his use of tariffs to reshape border and trade policies. Put simply, the case for holding gold rather than US dollars will likely become even more compelling in 2025 and the metal has already surpassed 2024 highs.

Silver prices are strongly correlated to gold and it should outperform gold based on fundamentals. Industrial demand for silver was at record highs in 2024, causing the fourth year of structural deficits. New silver mines are needed to address the structural deficit but the lack of large silver projects in development suggests deficits will persist for a long time. With unfavorable government policies towards mining, especially open pit surface mines, in many of the top silver producing jurisdictions, I believe supply will remain constrained. That sets the stage for much higher silver prices.

In keeping with the macro theme of politics and government spending, the phenomenal transformation of Argentina under President Javier Milei also needs to be underscored. Under Milei, government spending has been reduced by 30% and inflation rates are coming down. In an effort to promote capital investment in new projects, legislation containing an Incentive Regime for Large Investments, or RIGI, was approved

¹¹ <https://www.investing.com/analysis/gold-silver-outperformed-us-stocks-bonds-global-treasuries-commodities-in-2024-200656049>

in mid-2024. RIGI allows foreign and domestic investors in certain industries, including mining, to be granted legally binding and consistent terms for tax, F/X, capital repatriation and dividends, accelerated amortization, and customs duties, for 30 years for project investments exceeding US \$200 million.²

Mining projects approved under RIGI by July 2026 face lower income taxes (25% vs 35%), no export duties on silver and gold, no capital controls, and lifting of the requirement to expatriate capital through sale of export earnings in the official exchange market. The latter incentive is especially notable because currency repatriation and exchange became increasingly punitive under the former government due to the wide spread between the official exchange rate and the market exchange rate.

Argentina is genuinely promoting the building of new mines. Favourable policies and financial incentives make it stand out as the top mining jurisdiction in Latin America. Most other Latam countries are raising taxes, implementing or increasing mining royalties, and bowing to social pressures to shut existing mines and prevent new open pit mines from being built. The federal and provincial governments in Argentina actually want Diablillos to become a mine and we are appreciative of their support.

Looking Ahead

The RIGI incentives have a huge positive impact on the Diablillos NPV and are just too good to pass up, as was demonstrated in our updated PFS that reflected RIGI. We are also fortunate that the work we have been doing over the past five years has put us in a perfect position to take advantage of RIGI. We expect to achieve a key permitting milestone by the end of this year with the anticipated approval of the Diablillos EIA. Work is underway on a Definitive Feasibility Study with results expected in early 2026, which aligns perfectly with the timelines of RIGI. We are confident that we can achieve these timelines because Diablillos will be a straightforward open pit mine with conventional processing located in a jurisdiction with few environmental challenges and with strong community support.

With a strong balance sheet, a world-class project in Diablillos, and a supportive investor base, 2025 is set to be another transformative year for AbraSilver. Our primary focus will be on:

- Completing a **Definitive Feasibility Study** at Diablillos to optimize project economics, and provide detailed project design, schedules, and cost estimates.
- Continuing **resource expansion drilling** around the existing JAC and Oculito deposits.
- **Step-out drilling** at new high-priority exploration targets to unlock additional upside potential.
- **Receiving key permitting approvals**, setting the stage for a development decision.
- **Evaluating strategic opportunities** to enhance shareholder value.

We remain committed to executing our strategy and delivering significant value to our shareholders. Thank you for your continued support as we **continue to grow and develop the Diablillos silver-gold project**.

Yours truly,

Rob Bruggeman, Chairman, AbraSilver Resource Corp.

² Source: <https://www.atlanticcouncil.org/blogs/new-atlanticist/what-to-know-about-argentinas-new-investment-promotion-regime/>