

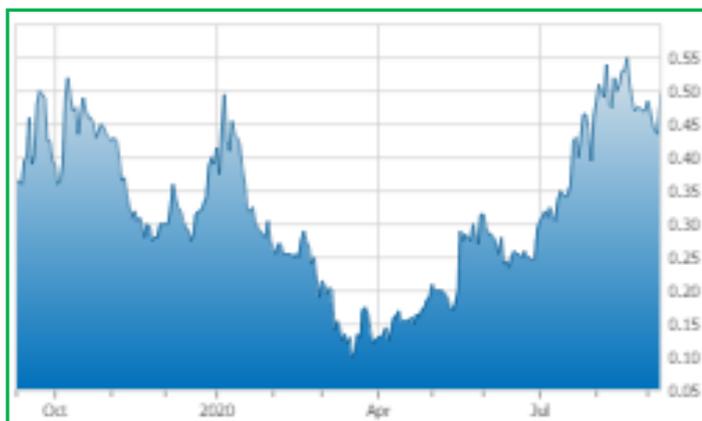
Strategic Metals & Rare Earths Letter

INTERNATIONAL

the independent information and advisory publication on investing in Strategic Metals & Rare Earths

INVESTMENT ALERT – September 10, 2020

www.silverelef.com



Silver Elephant Mining (C\$ 0.50)

TSX.V : ELEF
OTCQX : SILEF
Frankfurt : 1P2N

H + L prices (12 months) : C\$ 0.59 – 0.10

Net shares issued : 142.3 million
Fully diluted shares : 190.2 million
Market Capitalization : C\$ 70.4 million
(US\$ 53.3 million)

2021 price target: C\$ 0.80

INVESTMENT ALERT

- ▶ **Silver Elephant Mining acquires Sunawayo Silver-Lead Mining Project bordering historical 350 million silver ounces Malku Khota Project.**

On September 8, 2020, **Silver Elephant Mining** (“Silver Elephant”) announced that it has entered into a binding sales and purchase agreement (“SPA”) with a private partner to acquire the **Sunawayo Silver-Lead Mining Project** (“Sunawayo”) located immediately adjacent to the **Malku Khota Silver Project** in **Bolivia**.

Malku Khota has a **historic (2011) resource of 350 million ounces of silver** contained in its greenfield Wara, Sucre and Limnosa deposits, which are only 200 metres southwest of the Sunawayo border (southeast border). Roughly 3.5 kilometres of strike have been drilled from the Southeast border into the Malku Khota Project.

Cited historic resource estimates are not current mineral resources.

Joaquin Merino, VP for South America Operations states that a **combined Sunawayo – Malku Khota district** would feature a 34 km property extent encompassing an area of over 110 square kilometres and believes the district is situated within a very large hydrothermal system that produced the Malku Khota sedimentary exhalative (**Sedex deposit**) comprising a historic resource of 350 million ounces silver based on 42,705 metres of drilling that took place between 2007 and 2010.

The district is remarkably underexplored. Roughly 3.5 km of strike have been drilled from the Southeast border into the **Malku Khota Project**, yet the Malku Khota lithological trend and host-sandstone units extend for another 8 km northwest into **Sunawayo** without receiving a single exploration drill hole. The current mine pit (approximately 180 metres by 75 metres) is located 10 kilometres northwest of the Southeast border and the pit has also never been drill tested.

The purchase of **Sunawayo** includes a fully committed 100 ton-per-day open-pit mining operation that produces a lead concentrate. Sunawayo has a strike of 17 kilometres which covers 59.5 square km of prospective areas. The Project has ready access to water and power and by road is 165 km from Bolivia's 5th largest city, Oruro.

ELEF: 115 km² Land Position in Bolivia



Sunawayo

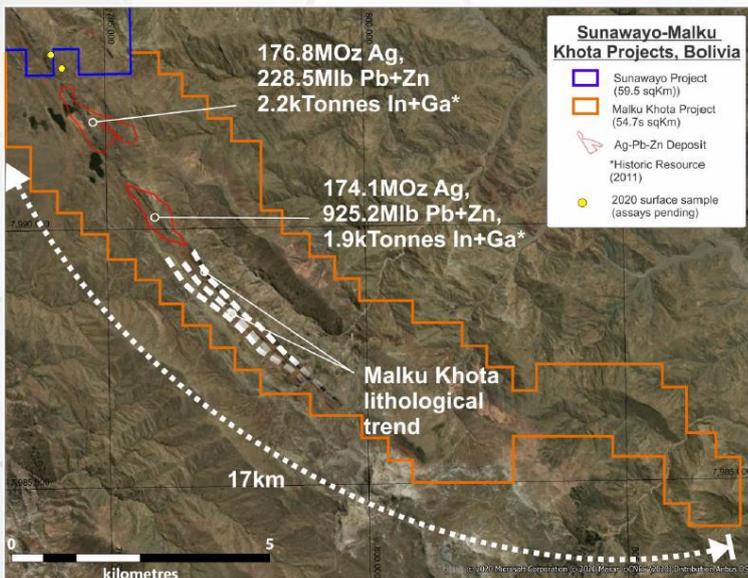


Pulacayo



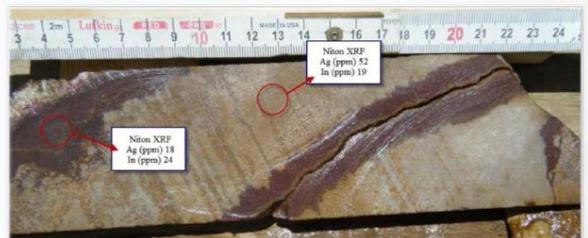
Triunfo

Malku Khota: 350 million oz Historic Resource



Defined by 42,704 meters of drilling between 2007 and 2010 by prior operator

Hosted in 2 main geological sandstone units within Malku Khota Lithological Trend (Ravelo Formation)
Malku Khota sandstone
Wara Wara sandstone





Silver Elephant Mining: The New Silver Standard

2020-2021 Objective:

Drill 3 O's (Sunawayo, Pulacayo, Triunfo)

Evaluate Other Potential Silver Acquisitions

Prove up 300 million oz Silver in 2021-2022



- Silver: Sunawayo (59.5 km²) within 200 meters from Malku Khota's historic 350-million-oz Sedex-style silver deposit. Sunawayo is permitted with a 100 tpd mining operation.
- Silver: Pulacayo (35.5 km²) 31million silver oz indicated at 455g/t silver, 27 million oz inferred 93,311 meters drilling. Resource estimate update in September.
- Gold/silver: Triunfo (25.6 km²) ongoing step out drilling next to 94 meters @ 0.4 g/t Au, 22g/t Ag, 1% Pb+Zn, Assay results throughout 2020.

ELEF.t SILEF Daily Vol 2 million @\$0.5, 30% by Insiders & Institutions (Inc Sprott), 145m shares o/s, 189m f/d.

► About Sedex-style lead-zinc-silver deposits

Sedex-style Pb-Zn-Ag deposits account for 50% of the world's lead and zinc reserves and 30% of the world's silver resources according to 2019 USGS and GSGS global data, regional scale Sedex systems can span hundreds of kilometres, forming large tonnage deposits.

Examples are:

- Teck's Red Dog mine, the USA's largest silver producer, producing 6.6 million ounces silver annually, along with 1.2 billion pounds of zinc and 226 million pounds of lead.
- Glencore's Mount Isa mine in Australia, which has proven and probable reserves of 97 million tonnes at 7.0% zinc, 3.3% lead and 67 g/t silver. It has been operational since 1923.
- Teck's former Sullivan mine in British Columbia, Canada has in its lifetime produced 160 million tons of ore containing 8 million tons (16 billion pounds) of lead, 7 million tons (14 billion pounds) of zinc and 285 million oz of silver. After 92 years of active production, the Sullivan mine was closed in 2001.

Proposed transaction summary:

Subject to the provisions of the SPA, the Vendor agrees to irrevocably transfer the mining rights of the **Sunawayo** to **Silver Elephant** upon the latter, paying it US\$ 6.5 million. That payment will consist of US\$ 300,000 on SPA signing, with the remaining US\$ 6.2 million to be paid in cash over a one-year period in 12 equal monthly installments, starting March 1, 2011.

2020 – 2021 objective

- Drill **Sunawayo, Pulacayo, Triunfo**
- Evaluate other potential silver acquisitions
- Prove 300 million ounces silver

Silver Elephant: Undervalued 5X

Valuation : Mature projects \$300M to \$1B for 200M to 300M oz silver resource

ELEF today: \$70M at 57M oz, Target 300M oz silver resource in 2021-2022

Company Name	Market Cap	Trading Ticker	Asset Location		Resource Estimate	Ag Grade
New Pacific Metals Corp.	965mn CAD	NUAG (TSX-T)	Bolivia	Silver Sands	45mt (190 mn oz)	112g/t to 137g/t
Discovery Metals	660mn CAD	DSV (TSX-V)	Mexico	Cordero	190mt (260 mn oz)	40g/t
Bear creek Mining Corp	360 mn CAD	BCM (TSX-V)	Peru	Coroni	140mt (225 mn oz)	50g/t
Silver Elephant Mining Corp.	70mn CAD	ELEF (TSX-T)	Bolivia	Sunawayo	Drilling in 2020	
				Pulacayo	5mt (57 mn oz), Drilling	256g/t to 455g/t
				Triunfo	Drilling	

August 2020 data based on respective company websites

► **Silver Elephant's** wholly owned Nevada Vanadium subsidiary, owning the **Gibellini Vanadium Project**, based on the completed Preliminary Economic Assessment ("PEA") in May 2018, has technical potential to be brought to the production stage in the next 3 years as the first primary vanadium mine in Nevada, United States.

Investment comments:

Based on the completed Preliminary Economic Assessment ("PEA") in May 2018, the **Gibellini Vanadium Project** has the technical potential to be brought to the production stage in the next three years as the first primary vanadium mine in the United States.

With the combined **Sunawayo- Malku Khota Project** bordering historical 350 million ounces, and targeting to prove this resource in 2020-2021, a positive outcome would upgrade **Silver Elephant** as an international major gold producer, which would create a significant added value and as such undervalued 5x according to the above overview of major projects.

Also considering the booming silver market in the second half of this year, **I maintain my 2021 price target for Silver Elephant at C\$ 0.80.**