



## GOLD FORUM AMERICAS

**HIGH-GRADE, SILVER-GEARED PRODUCER  
WITH EXCEPTIONAL ORGANIC GROWTH  
POTENTIAL**



SEPTEMBER 2021

# DISCLAIMER



This presentation has been prepared by Gatos Silver, Inc. ("Gatos Silver" or the "Company") for the exclusive use of the party to whom the Company delivers this presentation.

## Cautionary Note Regarding Forward-Looking Statements

Certain statements in this presentation may constitute "forward-looking statements". Those statements include, but are not limited to, statements with respect to production from the Cerro Los Gatos Mine, further exploration of the Los Gatos District, including the repurchase of an 18.5% interest in our affiliate entities, Minera Plata Real S. de R.L. de C.V., Operaciones San Jose de Plata S. de R.L. de C.V. and Servicios San Jose de Plata S. de R.L. de C.V. (collectively, the "Los Gatos Joint Venture" or the "LGJV"), a feasibility study to be completed at the Cerro Los Gatos Mine for a 3,000 tpd production rate expansion, estimated calculations of mineral reserves and resources at our properties, results of the economic analysis contained in the Los Gatos Technical Report, our business strategy, general administrative expenses, the completion of the Reorganization, the entry into the Management Service Agreement, payment of royalty payments, production and sale of concentrates, future strategic infrastructure development at the Cerro Los Gatos Mine, expected cost savings, projected attributable net revenue and free cash flow, estimates of tax liabilities, our prospects, plans and objectives, industry trends, our requirements for additional capital, expectations generally regarding treatment under applicable government regimes for permitting or attaining approvals, unanticipated reclamation expenses, government regulation, environmental risks, reclamation and rehabilitation expenses, title disputes or claims, synergies of potential future acquisitions, expected actions of third parties, and limitations of insurance coverage. These statements are generally identified by the use of words such as "may," "might," "could," "would," "achieve," "budget," "scheduled," "forecasts," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue," the negative of these terms and other comparable terminology. These forward-looking statements may include projections of our future financial performance, our anticipated growth strategies and anticipated trends in our industry. All forward-looking statements speak only as of the date on which they are made. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions concerning future events that are difficult to predict. Therefore, actual future events or results may differ materially from these statements. There are, or will be, important factors that could cause actual results to differ materially from those expressed or implied by forward-looking statements and recipients are cautioned not to place undue reliance on these statements. The Company does not undertake any obligation to publicly update these forward-looking statements, except as required by law.

## Market & Industry Data

This presentation includes market and industry data and forecasts that we have developed from independent research reports, publicly available information, various industry publications, other published industry sources or our internal data and estimates. Independent research reports, industry publications and other published industry sources generally indicate that the information contained therein was obtained from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. Although we believe that the publications and reports are reliable, we have not independently verified the data. Our internal data, estimates and forecasts are based on information obtained from trade and business organizations and other contacts in the markets in which we operate and our management's understanding of industry conditions. Although we believe that such information is reliable, we have not had such information verified by any independent sources.

## Comparables

Any comparable information about other issuers was obtained from public sources and has not been verified by the Company of the Underwriters. Comparable means information that compares an issuer to other issuers. The information is a summary of certain relevant operational attributes of certain mining and resource companies and has been included to provide the prospective investor an overview of the performance of what are expected to be comparable issuers. The comparables are considered to be an appropriate basis for comparison with the Company based on their industry, size, operating scale, commodity mix, jurisdiction, capital structure and additional criteria. The comparable issuers face different risks from those applicable to the Company. Investors are cautioned that there are risks inherent in making an investment decision based on the comparables, that past performance is not indicative of future performance and that the performance of the Company may be materially different from the comparable issuers. If the comparables contain a misrepresentation, investors do not have a remedy under securities legislation in any province in Canada. Accordingly, investors are cautioned not to put undue reliance on the comparables in making an investment decision.

## Notice Regarding Mineral Disclosure

In October 2018, the Securities and Exchange Commission (the "SEC") adopted amendments to its current disclosure rules to modernize the mineral property disclosure requirements for mining registrants. The amendments include the adoption of a new subpart 1300 of Regulation S-K, which will govern disclosure for mining registrants (the "SEC Mining Modernization Rules"). The SEC Mining Modernization Rules replace the historical property disclosure requirements for mining registrants that were included in the SEC's Industry Guide 7 and better align disclosure with international industry and regulatory practices, including the Canadian National Instrument—43-101—Standards of Disclosure for Mineral Projects ("NI 43-101"). Although compliance with the SEC Mining Modernization Rules is not required until January 1, 2021, the Company has chosen to voluntarily comply with the SEC Mining Modernization Rules in this presentation.

As used herein, references to the "Los Gatos Technical Report" are to the "NI 43-101 Technical Report: Los Gatos Project, Chihuahua, Mexico," prepared by Guillermo Dante Ramirez-Rodriguez, Leonel Lopez, Kira Johnson, Keith Thompson, Kenneth Smith, Luis Quirindongo and Max Johnson each of whom are employees or consultants with Tetra Tech, Inc. and each of whom is a "Qualified Person," as defined in NI 43-101, dated July 2020 with an effective date of July 1, 2020, which was prepared in accordance with the requirements of the SEC Mining Modernization Rules and NI 43-101. Any scientific and technical information included in this presentation that is (i) derived from the summaries in the third amended and restated preliminary base PREP prospectus of the Los Gatos Technical Report but which was not specifically prepared by the qualified persons who are the authors of the Los Gatos Technical Report or (ii) scientific or technical information not summarized or extracted from the Los Gatos Technical Report has been approved by Philip Pyle, Vice President of Exploration and Chief Geologist of the Company.

The mineral resource estimates contained in the Los Gatos Technical Report have an effective date of September 6, 2019 and have not been updated since that time and include mineral reserves. The mineral reserve estimates and the economic analysis contained in the Los Gatos Technical Report have an effective date of July 1, 2020 and have not been updated since that time and exclude 655,746 tonnes of mineral reserves that have been mined through June 30, 2020.

This presentation uses the term "inferred mineral resources." Inferred mineral resources are subject to uncertainty as to their existence and as to their economic and legal feasibility. The level of geological uncertainty associated with an inferred mineral resource is too high to apply relevant technical and economic factors likely to influence the prospects of economic extraction in a manner useful for evaluation of economic viability. Because the Company has elected to voluntarily comply with the SEC Mining Modernization Rules, the mineral property disclosure included in this presentation may not be comparable to similar information provided by other issuers that have not elected to early adopt such rules.

## Other

Certain monetary amounts, percentages and other figures included in this presentation have been subject to rounding adjustments. Certain other amounts that appear in this presentation may not sum due to rounding. This presentation contains certain supplemental financial measures that are not calculated pursuant to U.S. generally accepted accounting principles ("GAAP"). These non-GAAP measures are in addition to, and not a substitute or superior to, measures of financial performance prepared in accordance with GAAP.

# GATOS SILVER, INC

## THE AMERICAS' NEWEST SILVER COMPANY



- ✦ A silver focused exploration, development and production company
- ✦ Majority 70% joint venture ownership in an entirely new silver rich district in the southern portion of Chihuahua State, Mexico
- ✦ Los Gatos Joint Venture (“LGJV”) Mineral rights package totals over 103,000 contiguous hectares
- ✦ Outstanding 30% LGJV partner, Dowa Metals & Mining Co., Ltd
- ✦ Constructed and commissioned our first mine, called Cerro Los Gatos (“CLG”), on one of the discovered 14 epithermal mineralized zones in LGJV
- ✦ In late 2020, completed an initial public offering raising \$173 million, achieving the largest precious metals financing on the NYSE & TSX in 2020



# HIGHLIGHTS SINCE GATOS SILVER'S IPO

*New silver producer optimizing operations for decades of growth*



- 1 Key value creation catalysts**
  - + Purchased another 18.5% of the LGJV, increasing ownership to 70%
  - + Retired a \$60 million working capital facility
  - + Initiated three exploration programs in the Los Gatos region
  - + Completed a \$125 million follow-on offering mid-July 2021
  - + Secured a \$50 million revolving credit facility with Bank of Montreal to provide more financial flexibility
  - + Retired the LGJV's \$222 million Term Loan on July 26, 2021
  - + Unlocks significant cash for the LGJV to continue implementing value-added initiatives at CLG
  
- 2 Achieved record production during Q2 2021**
  - + Achieved mill throughput of 2,535 tpd, exceeding the 2,500 tpd design rate
  - + Recoveries achieved or exceeded design rates for all metals; silver, zinc, lead and gold
  - + In-line to meet production guidance for 2021
  
- 3 Progressed definition and exploration drilling programs through Q2**
  - + 19,000 meters of an expanded 45,000-meter definition drilling program completed at CLG
  - + First phase of 5,400-meter exploration drilling program completed at 100% owned Santa Valeria
  - + 3,100 meters of a 19,000-meter exploration drilling program completed at Esther
  
- 4 Driving optimization initiatives**
  - + Progressed key sustaining capital projects to enhance mining efficiencies and reduce operating costs

# FOCUS ON COMMUNITIES & COVID-19

## Strong community support at CLG

- + Over 99% of the approximately 650 employees reside in Mexico
- + Workforce composition: Approx. 20% Female / 80% Male
- + Workforce residence geography: Local communities 24% / Chihuahua state 60%
- + 519 contractors at site, majority reside in Mexico

## Response to COVID-19

- + Numerous health, safety and sanitation precautions implemented
- + Nasal testing for all employees and contractors prior to entering site
- + Prevention seminars and medical equipment donations to local communities
- + Assisting with initial vaccine roll-out to high-risk population in community

## Focus on Community Well-Being

- + Physical, social and mental health program support and donations
- + Construction support for elementary teacher home and middle school
- + Construction of new water well for local community
- + Construction of Community Rehabilitative Center

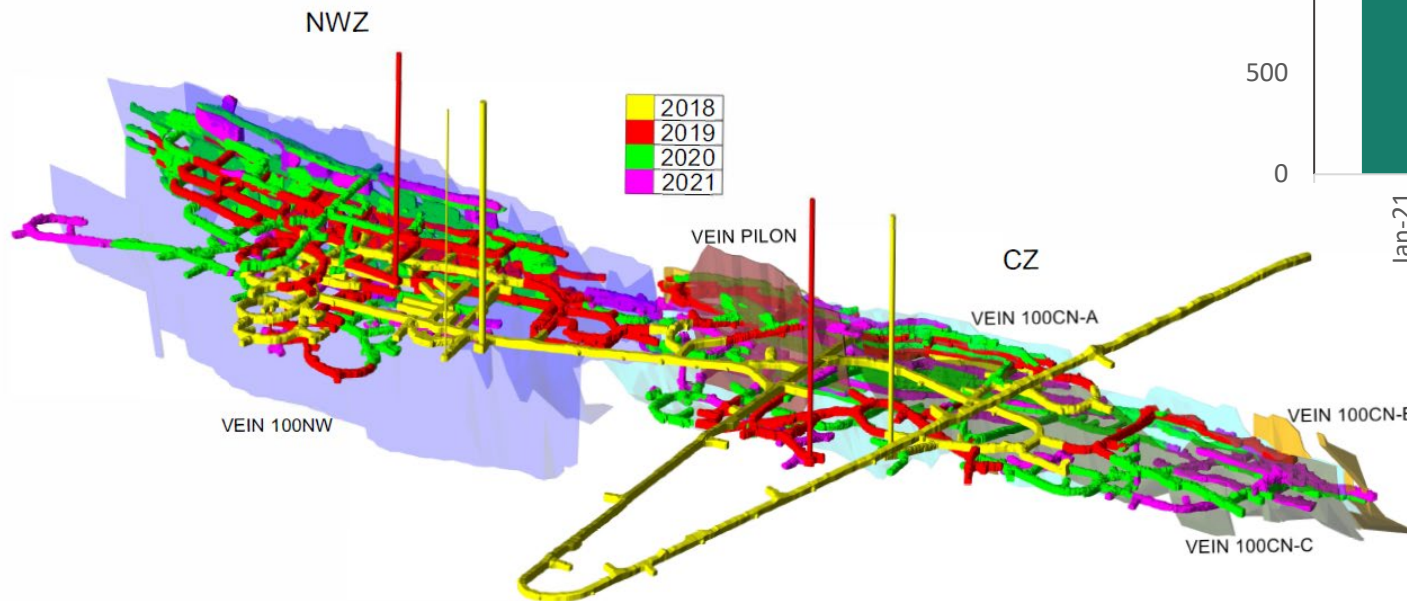
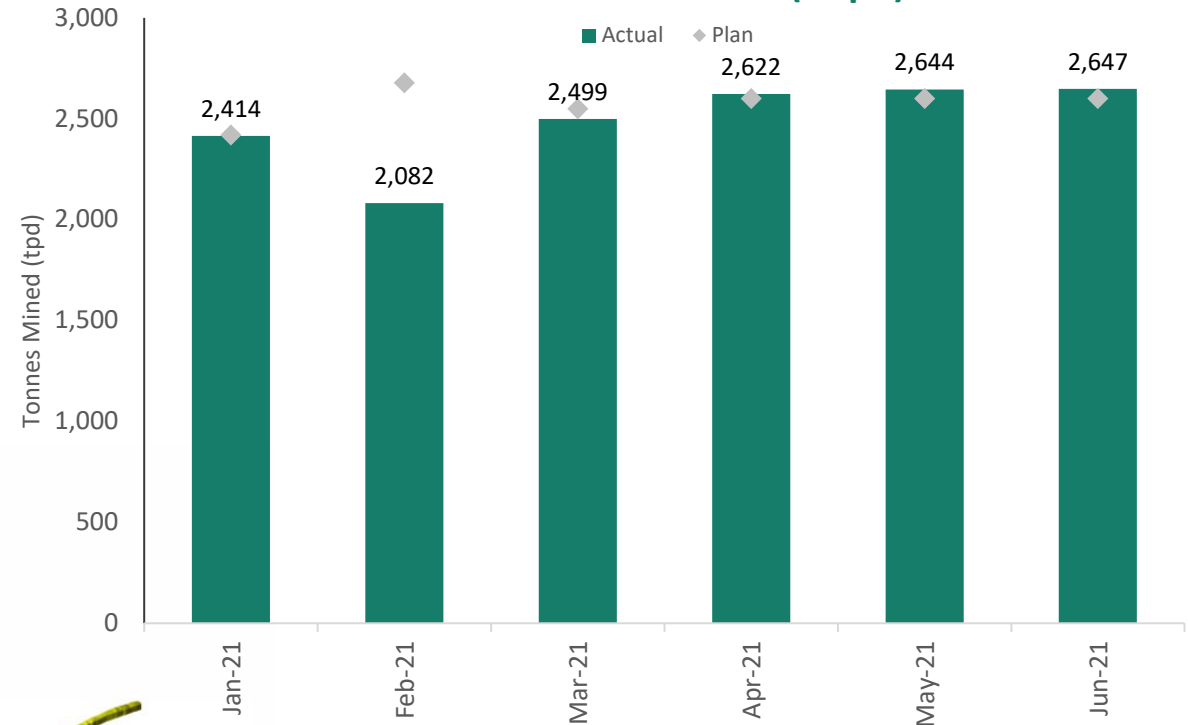
## Outstanding Safety Record



# CLG MINE OPERATIONS

- + 2021 average daily mining rate: 2,485 wtpd
  - Q2 averaged 2,638 wtpd
  - Q1 averaged 2,332 wtpd, inclusive of power outage suspension in February
- + Completed 1,733 meters of underground development in Q2 accessing higher grade portions of the deposit in the NW and Central Zones

MINE PRODUCTION (wtpd)



# CLG PLANT OPERATIONS

## Record plant throughput achieved in Q2

- + Stable feed from underground has enabled the plant to optimize performance
- + Plant capable of operating at more than 10% above design capacity of 2,500 tpd

## Recoveries exceeding design

- + Metal recoveries, combined for both concentrates, exceeded design recoveries for silver, lead and zinc at 89%, 90% and 75%, respectively
- + Numerous improvement efforts underway including use of new reagents to further improve recoveries

## 2021 CLG production guidance remains unchanged

- + Expected sustaining capital expenditures: \$65-\$75M
- + 2021 recovered metal in concentrate:
  - 7.5 – 7.9 million ounces Ag
  - 4.5 – 5.0 thousand ounces Au
  - 40 - 42 million pounds Pb
  - 49 - 52 million pounds Zn
- + AISC: \$17.00 - \$17.50/Ag oz<sup>(1)(2)</sup>

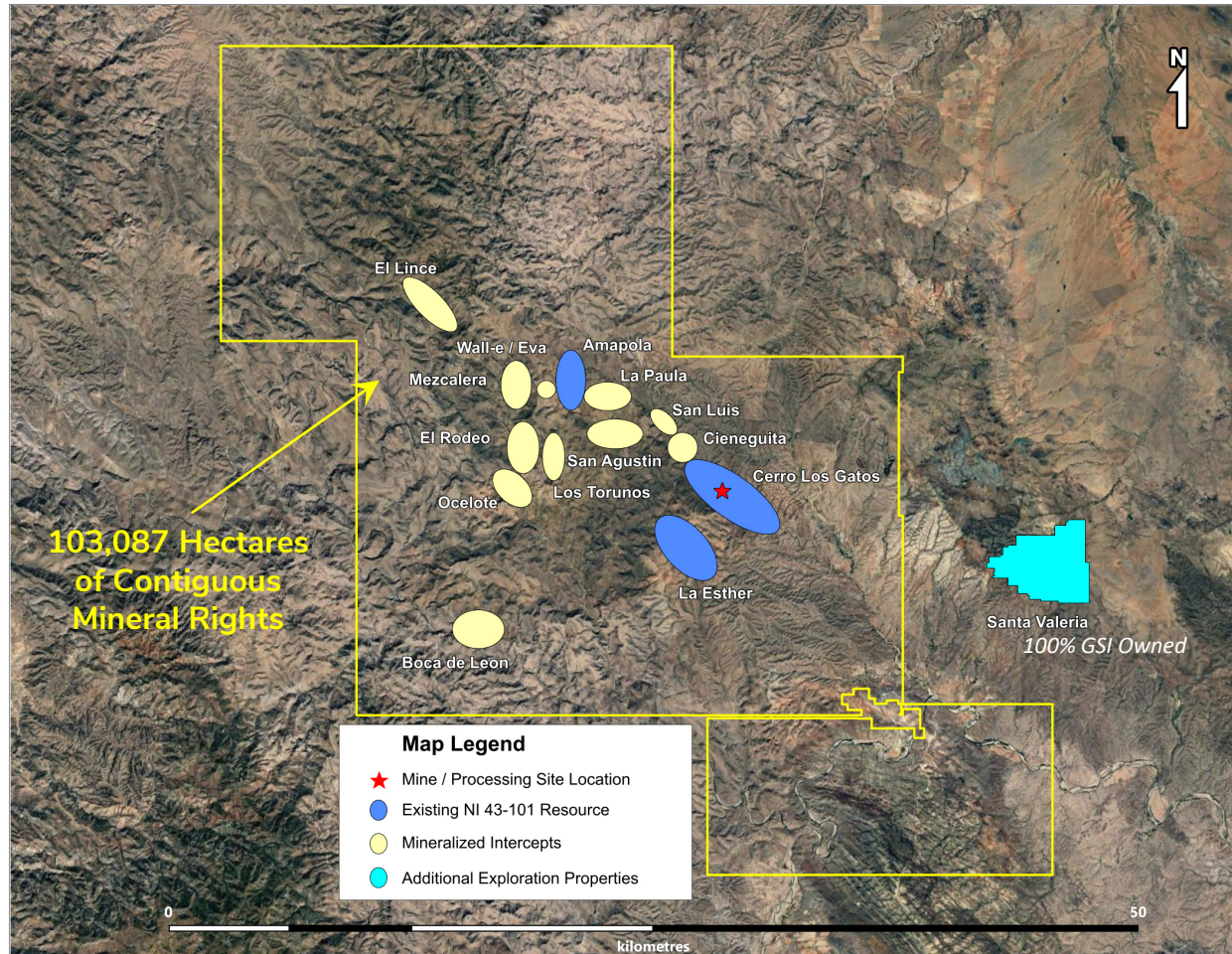


Source: Company Records

1) Based on metal prices of \$24.00/oz silver, \$1.09/lb zinc, \$0.87/lb lead and \$1900/oz gold

2) By-product AISC basis

# LOS GATOS DISTRICT



- + Five drill rigs active with expanded program at CLG
  - Three drills at CLG
  - One drill prioritized for other targets near CLG
  - One drill at Esther
- + Updated CLG resource model including recent drilling and new LOM plan expected to be completed in H2 2021.
- + Significant exploration upside at Esther and Amapola deposits
  - NI43-101 resource statements completed
  - Similar characteristics identified during preliminary work at CLG
- + Eleven other mineralized zones identified and defined by drill intersections in the LGJV contiguous mineral rights
- + 100% owned Santa Valeria target located on the eastern fault boundary and appears to be a geologic mirror of CLG



# RECORD PERFORMANCE IN Q2



## Q2 2021 Key Stats

- + Q2 2021 production (recovered / payable)<sup>(1)</sup>:
  - 2.1 / 1.9 million ounces Ag
  - 1.5 / 1.2 thousand ounces Au
  - 11.2 / 10.6 million pounds Pb
  - 14.5 / 12.3 million pounds Zn
- + All-in sustaining cost:
  - By-product basis<sup>2</sup> of \$12.63 Ag/oz
  - Co-product basis<sup>2</sup> of \$17.65 AgEq/oz
- + Operating cash cost:
  - By-product basis<sup>2</sup> of \$2.87 Ag/oz
  - Co-product basis<sup>2</sup> of \$11.50 AgEq/oz
- + Operating costs were in line with expectations

Source: Company Press Releases & Records

1. Figures are shown on a 100% basis while Gatos Silver ownership of the LGJV is on a 70% basis.

2. Silver equivalents and by-product credits based on average metal prices during the three months ended June 30, 2021, of \$26.18/oz silver, \$1.33/lb zinc, \$1.00/lb lead and \$1,830/oz gold.

# GATOS SILVER: H1 2021 FINANCIAL RESULTS



	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
(Amounts in millions)	2021	2020	2021	2020
Exploration expenses	\$0.7	\$0.2	\$0.9	\$0.4
G&A expenses	4.4	1.6	8.0	2.4
Operating expenses	5.1	1.8	8.9	2.8
Equity income (loss) in LGJV <sup>1</sup>	18.3	(8.1)	21.0	(21.5)
Other income (loss)	0.3	(0.7)	(0.2)	(2.3)
Net other income (expense)	18.6	(8.8)	20.8	(23.8)
Net income (loss)	\$13.5	(\$10.6)	\$11.9	(\$26.6)
Net income (loss) per share	\$0.23	(\$0.26)	\$0.20	(\$0.66)

1. Equity income in LGJV represents GSI's 70% interest beginning March 11, 2021, and 51.5% interest prior to such date.

# CLG H1 Performance & H2 2021 FOCUS



CLG Production <sup>1</sup>	Q2 2021	Q1 2021	2020 FY
Tonnes mined (wmt - unreconciled)	240,047	209,832	652,739
Tonnes milled (dmt - reconciled)	230,656	203,479	667,422
Tonnes milled per day (dmt)	2,535	2,261	1,829
<b>Average Grades</b>			
Silver grade (g/t)	322	261	229
Gold grade (g/t)	0.35	0.32	0.42
Lead grade (%)	2.51	2.00	2.27
Zinc grade (%)	4.41	3.24	3.64
<b>Contained Metal</b>			
Silver (Moz)	2.1	1.5	4.2
Gold (in lead conc.) (Koz)	1.5	1.1	4.9
Lead (in lead conc.) (Mlbs)	11.2	7.6	27.4
Zinc (in zinc conc.) (Mlbs)	14.5	8.7	34.2
<b>By-product unit costs per payable ounce silver</b>			
Unit operating costs before credits (\$)	18.27	23.32	31.10
Byproduct Credits (\$)	(15.40)	(12.87)	(16.62)
Sustaining Capital (\$)	9.76	9.32	15.34
<b>TOTAL AISC (\$)</b>	<b>12.63</b>	<b>19.76</b>	<b>29.82</b>

## + Complete key sustaining projects

- Second Refrigeration Plant Project (\$3.1M)
- Underground Dewatering Project in NW Zone (\$5.1M)
- Third Tailings Dam Lift (\$9M)
- Commence Paste Plant Project Construction (\$21.8M)
  - ~\$7M to be spent in 2021
  - Commissioning expected July 2022

## + Targeting above 2,500 tpd throughput rate

- Additional equipment and labor added to mine to enhance efficiencies
- Refrigeration & dewatering projects are key development advance catalysts

Source: Company Press Releases & Records

1. Figures are shown on a 100% basis while Gatos Silver ownership of the LGJV is on a 70% basis.

2. Q2 2021 by-product credits based on average metal prices during the three months ended June 30, 2021, of \$26.18/oz silver, \$1.33/lb zinc, \$1.00/lb lead and \$1,830/oz gold.

# FUTURE VALUE CATALYSTS



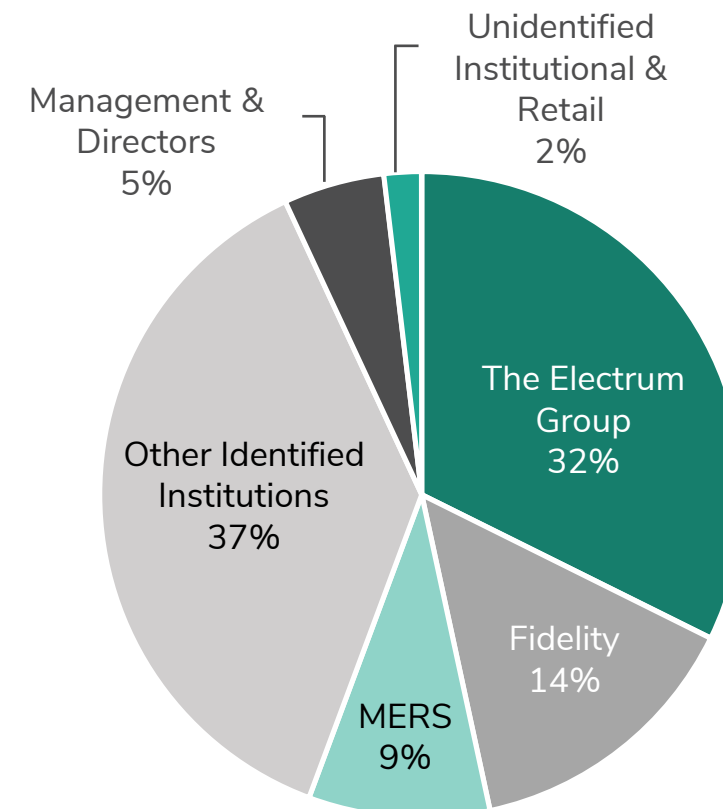
- ① Optimization & expansion potential**
  - + Resource model update and new life-of-mine plan at year end
  - + Updated expansion studies expected in H1 2022
- ② Focus on sustaining development and production growth**
  - + Numerous strategic CLG capital initiatives underway to enhance mining efficiencies and reduce operating costs
- ③ Recent operating performance**
  - + Q2 record-breaking operating performance lays solid foundation for Gatos Silver
- ④ Strong financial position**
  - + 2020 IPO and recent 2021 financing have fortified the LGJV balance sheet
  - + LGJV now net debt free
- ⑤ Massive Los Gatos District for continued exploration**
  - + Second largest in-production silver property in Mexico at 103,087 hectares; approximately 15% has been explored to date
  - + Expect to significantly expand exploration program in 2022 and plans to drill out district and test 14 identified targets

# SHAREHOLDER OVERVIEW



## Ownership Summary





Investor Name	Current Basic Holdings	
	(mm)	(%)
<b>Top Strategic &amp; Insider</b>		
The Electrum Group	22.1	32.3%
Management & Directors	3.5	5.1%
<b>Top Identified Institutions</b>		
Fidelity Management & Research	9.8	14.3%
The Municipal Employees' Retirement System of Michigan (MERS)	6.2	9.1%
EXOR Investments	2.2	3.2%
Van Eck Associates	1.9	2.8%
ETF Managers Group	1.9	2.7%
BlackRock	1.7	2.5%
Sprott Asset Management	1.7	2.5%
Vanguard	1.4	2.0%
Heights Capital Management	1.0	1.4%
Condire Management	0.8	1.1%
Other	13.2	19.3%
<b>Summary</b>		
Strategic & Insider	25.5	37.4%
Identified Institutional Holders	41.5	60.7%
Unidentified Institutional & Retail	1.3	1.9%
<b>Total</b>	<b>68.3</b>	<b>100.0%</b>



# ANALYST COVERAGE



## Analyst Target Prices & Ratings

Broker	Analyst	Target Price	Rating
 CIBC World Markets	Cosmos Chiu	\$24.00	Outperformer
 CANACCORD Genuity	Kevin MacKenzie	\$20.00	Buy
 RBC Capital Markets	Michael Siperco	\$18.00	Outperform
 BMO Capital Markets®	Ryan Thompson	\$14.00	Market Perform



NYSE / TSX: GATO

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