



## OUTCROP SILVER ANNUAL LETTER TO SHAREHOLDERS

**January 18<sup>th</sup>, 2022** – **Outcrop Silver & Gold Corporation (TSXV:OCG, OTCQX:OCGSF, DE:MRG1) (“Outcrop”)** is pleased to share an open letter to shareholders from Joseph Hebert, President and Chief Executive Officer.

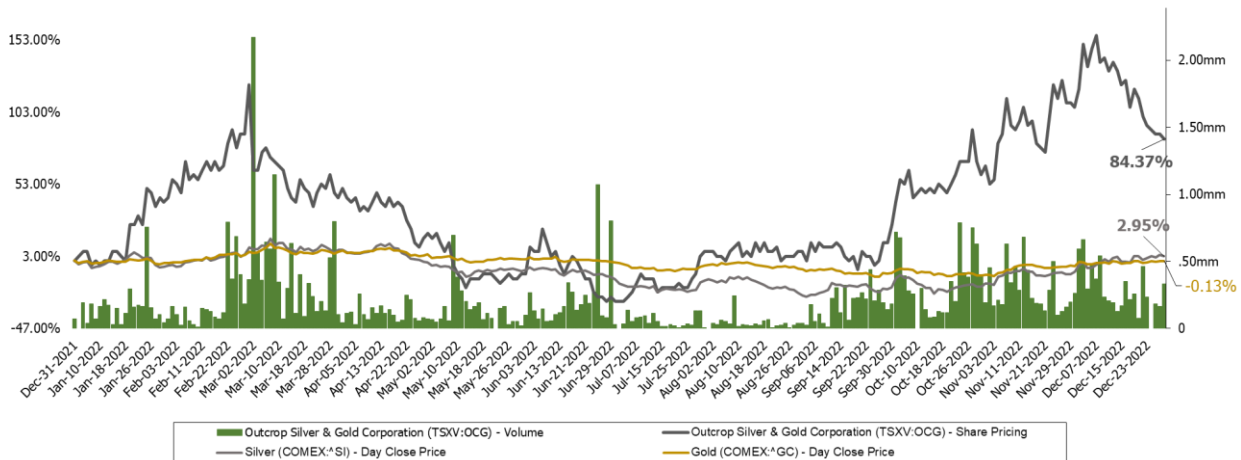
Dear Fellow Shareholders:

I wanted to specially thank shareholders for their continued support and take the opportunity to reflect on our progress in 2022 and discuss objectives for an important year ahead.

### *We are One of the Top Performing Silver Stocks on the TSXV in 2022*

2022 has been a volatile year with political instability, high inflation, and wide value swings in many asset classes. Precious metals had a very mixed performance in 2022, with sizeable fluctuations seen during the year, reflecting monetary policy tightening, rising interest rates, further economic weakness, geopolitical tensions and persistently high inflation. The COMEX gold futures contract closed at \$1,826 per ounce on December 30, 2022, down 0.13% for the year, and the COMEX silver futures contract posted a 2.95% gain and settled at \$24 per ounce on December 30, 2022.

As a shareholder, share price is the metric that counts the most. Outcrop made significant share price gains in 2022, as shown in the chart below:



*Outcrop Silver & Gold trailing twelve months trading price & volume ended on December 30, 2022, compared with gold & silver price*

Despite volatility, Outcrop Silver performed strongly and posted an 84.37% gain in 2022 with strong volume, one of the top junior silver exploration companies on the TSX Venture Exchange. Outcrop Silver has fared better than many junior resource companies negatively affected by volatility. The participants in our latest financing ([September 22, 2022](#)) have seen over one hundred percent gains. Few other silver-focused peers can show comparable performance to Outcrop Silver over the trailing twelve months to date.

Outcrop Silver has received continuous coverage from Research Capital, which has recommended a speculative buy with a forecasted price of C \$0.75. The Research Capital forecast is an independent prediction of future value growth for Outcrop Silver.

### ***Advancing a World Class Silver District***

We continue to demonstrate with stellar grades in drilling that we have a high-quality discovery at our flagship Santa Ana silver project. Outcrop Silver has completed 325 core holes totaling 55,937 metres. Thirteen high-grade shoots have been identified to date. On 6,000 hectares of titled and fully permitted mineral concessions, drilling and surface and underground exploration demonstrate near continuous prospective vein zones extending from north of the Royal Santa Mines, 18 kilometres southwest to the Frias Mine and then another 15 kilometres to Outcrop Silver's applications further southwest.

More than 60 kilometres of vein zones are identified across Santa Ana. The vein zones are typically comprised of parallel vein sets over an area two to three kilometres wide. It is inferred that the 60 vein zones provide cumulatively over 150 kilometres of individual veins. This vein footprint rivals famous silver camps such as Fresnillo and Guanajuato in Mexico.

Santa Ana silver and gold values measured as weighted average grades of intervals above the expected compliant resource cut-off of 200 g eq Ag/t fall in the upper 25<sup>th</sup> percentile of grade worldwide. DH274 drilled in August 2022 returned a stunning 15,941 g eq Ag/t! These high-grade drill intercepts will be reflected in the maiden compliant resource estimation underway by Micon International.

Outcrop Silver has an excellent opportunity to drill its high-grade shoots off at depth. Las Maras shoot is drilled to over 350 metres, while the average drilled depth for the twelve other shoots is only 170 metres. Low risk definition drilling of open mineralization to depth could add over 100 percent to existing potential resource volume. Fortunately, veins and mineralization at Santa Ana typically outcrop or sub-crop. This allows target identification through basic surface prospecting and trenching of mapped veins or veins projected by geophysics or soil grids. Targets are frequently supported by historic colonial era and artisan mining and kilogram equivalent silver per tonne assays at surface are common. Eleven near-term additional targets have been identified, with the historic 100% owned Frias mine showing underground samples to 10,216 g Ag/t. Locally targets show vein widths of 3.5 metres (4 metres in float boulders). Trench and float samples from these new undrilled targets assay up to 94 g Au/t and 9,738 g Ag/t.

### ***The Best Team***

Our Colombia team, management, directors, and consulting support persistently work to add value to the company. In May, we made an important addition to our management team, hiring Guillermo Hernandez as Vice President of Exploration. Guillermo has over 15 years of exploration in all aspects of economic geology, coming to Outcrop Silver from Lundin Gold, where he worked at Fruta del Norte. His 3D geologic and grade modeling skills have been invaluable in working with Micon International, our independent QP, to produce our maiden resource report.

In June, we brought on Kathy Li, with 15 years of experience in investor relations as Director of Investor Relations, coming to Outcrop Silver from Silvercorp. Kathy is adept at putting together balanced investor and marketing plans and monitoring the value of her programs. Sunil Sharma was brought on as Chief

Financial Officer in October and brings 20 years of experience in finance and accounting with public and private companies, including producers and explorers. Sunil has extensive experience in budgeting and all aspects of financial reporting and compliance.

The Colombian team is extremely proficient in all technical and supporting roles. The team has built strong stakeholder relations for Santa Ana and tirelessly worked to earn a social license to be able to conduct continuous exploration and drilling for over 26 months. Examples of Outcrop Silver's benefits to communities near the project include primary and secondary education programs for adults, providing material for micro-cap business startups, supplies for urban and rural vegetable plots, increasing farm productivity, and working with non-profits to provide numerous wheelchairs to the disabled.

### ***Outcrop Silver Aligns with the Colombian Government:***

After much initial reservation about a new administration by junior resource companies, both Irene Velez, Minister of Mines, and Colombian President Gustavo Petro have stated in many different forums that "Our government is not an anti-mining government, but one that wants to ensure socially and environmentally responsible mining." President Petro has stated that his government "realizes the benefits exploration and mining bring to opportunity-deprived communities," and would like the mining sector "to focus on the exploration and development of minerals critical to the energy transition."

Silver has the highest electrical conductivity of all metals. It is essential in the production of solar panels and electric vehicles. Silver supply will have to grow to meet demands and will likely be in supply deficit in the medium term. Silver is a critical energy transition metal that can be supplied by Santa Ana.

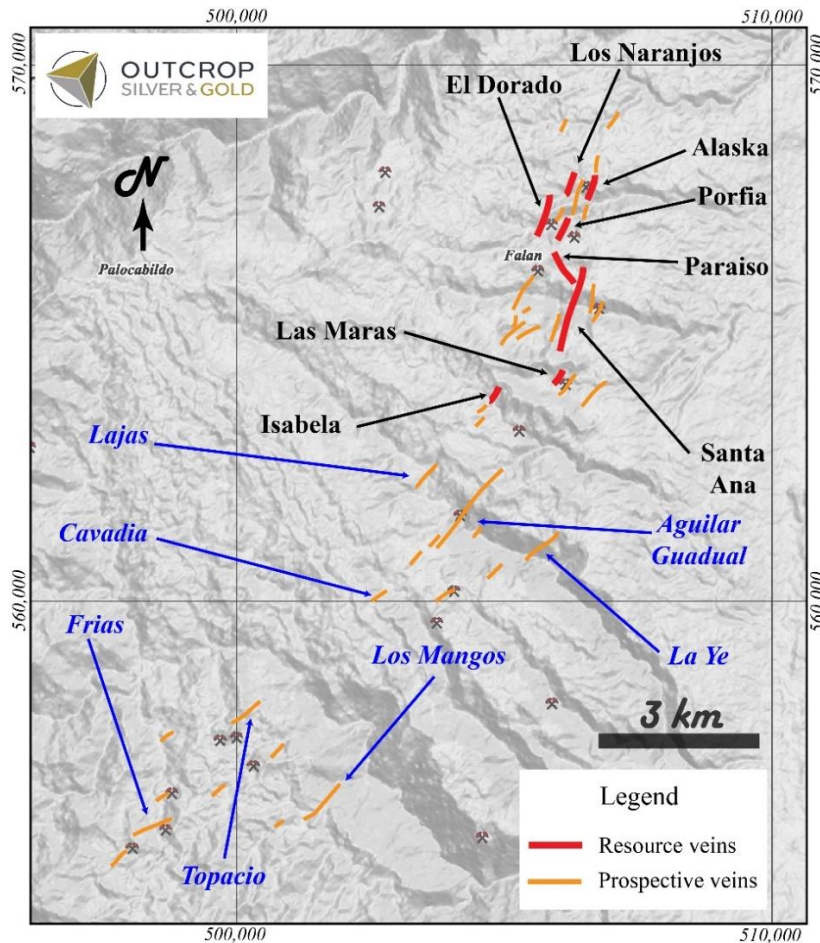
Outcrop Silver is uniquely and positively aligned with the objectives of the Colombian government concerning exploration and mining. Santa Ana can become a significant, low disturbance footprint, underground silver producer in Colombia. Outcrop Silver has established strong trust and support from communities near and persons living on the project. Benefits to the community from Outcrop will grow as the Santa Ana project grows.

### ***A Compliant Resource in Q1 2023:***

Outcrop Silver has slightly delayed its resource report, but the result will be a better report. We became aware in December that for Micon International to include Santa Ana's excellent preliminary recovery studies, they would require some additional flotation and concentrate production tests. The preliminary recovery results are 94% for silver and 96% for gold. Micon would have significantly reduced resource report recoveries without the additional tests. Outcrop Silver determined that we could create better shareholder value from the resource estimate if we waited until the additional metallurgical tests could be conducted. Additional representative samples of mineralized core have been sent to SGS Labs in Chile to conduct the tests.

Outcrop Silver also added a third core rig in December to make the most use of these additional months. Currently two core rigs are doing deeper shoot delineation to optimize projected volumes, and the third core rig is focused on the most advanced greenfield targets.

The map below illustrates "resource veins" (those to be used in the Micon resource report) in comparison to "prospective veins" and targets south of the Royal Santa Ana mines area. The resource veins are only a small part of prospective veins and targets. Importantly the prospective veins will show continuity with more detailed work, and individual prospective vein segments likely represent broader zones of parallel veins occurring within an area 1 to 3 kilometres wide. These prospective veins which will not be included in the initial resource report represent significant upside for increasing the resource going forward.



Resource veins contribution with prospective veins for potential future resource increase.

### ***Looking Forward to 2023***

We are entering 2023 with optimism and a clear plan to generate value for our shareholders. Less than 10% of the potential at Santa Ana has been tested. We should have another great year of drilling, with three core rigs turning continually to drill high-grade mineralization of 13 shoots to depth and laterally and drilling our best new greenfield targets.

We will finish and report the SGS metallurgy work required by Micon to use optimum metal recoveries and release a maiden compliant resource in Q1 2023.

2023 will be another pivotal year as we further progress the project. Currently three core rigs are operating at Santa Ana, and a total of 32,600 metres of drilling is planned through December 2023. This level of drilling will significantly expand existing potential resource areas, which will ultimately be reflected in an upward-revised compliant resource report. Simultaneously aggressive exploration work will continue identifying new high-quality targets for drilling.

Sincerely

Joseph Hebert, President and CEO

### ***About Outcrop***

Outcrop Silver & Gold is rapidly advancing the Santa Ana high-grade silver discovery with ongoing expansion drilling and an initial resource to be released in the coming months. Outcrop is also exploring four other gold and silver projects with world-class discovery potential in Colombia. These assets are being advanced by a highly disciplined and seasoned professional team with decades of experience in Colombia.

## **ON BEHALF OF THE BOARD OF DIRECTORS**

Joseph P Hebert, Chief Executive Officer  
+1 775 340 0450  
[joseph.hebert@outcropsilverandgold.com](mailto:joseph.hebert@outcropsilverandgold.com)  
[www.outcropsilverandgold.com](http://www.outcropsilverandgold.com)

Kathy Li, Director of Investor Relations  
+1 778 783 2818  
[li@outcropsilverandgold.com](mailto:li@outcropsilverandgold.com)

*Neither the TSX Venture Exchange nor its Regulation Services Provider (as such term is defined in the policies of the TSX Venture Exchange) accept responsibility for the adequacy or accuracy of this release. Certain information contained herein constitutes "forward-looking information" under Canadian securities legislation. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "potential", "we believe", or variations of such words and phrases or statements that certain actions, events or results "will" occur. Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made and they are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Outcrop to be materially different from those expressed or implied by such forward-looking statements or forward-looking information, including the receipt of all necessary regulatory approvals, capital expenditures and other costs, financing and additional capital requirements, completion of due diligence, general economic, market and business conditions, new legislation, uncertainties resulting from potential delays or changes in plans, political uncertainties, and the state of the securities markets generally. Although management of Outcrop has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements or forward-looking information, other factors may cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information. Outcrop will not update any forward-looking statements or forward-looking information that are incorporated by reference herein, except as required by applicable securities laws.*