

ABRA Chairman's Letter: Mid-Year 2025 Update

Dear Shareholders,

This is an exceptionally exciting time for AbraSilver and our shareholders.

AbraSilver is in its strongest position ever, with a robust balance sheet holding nearly CAD\$50 million. This ensures we are fully-funded to complete a Definitive Feasibility Study and advance towards a construction decision at Diablillos by mid-2026, all while continuing to aggressively drill our numerous high-grade exploration targets.

Substantial Progress on Dual Tracks of Development and Exploration

On the project development front, I am pleased to report that our team is on track with the following key initiatives:

- i. Secure key permits to build an open pit mine and 9,000 tpd plant before the end of 2025;
- ii. Advance the Diablillos Definitive Feasibility Study, targeting completion in the first half of 2026; and
- iii. Submit our application for Argentina's RIGI incentive program for large investments in the first half of 2026. This program offers substantial financial incentives, including a lower tax rate, elimination of export duties, and no foreign exchange controls.

In parallel, our exploration team continues to deliver exceptional results. Last month, we announced our best-ever gold intercept at Oculito East: 10 g/t Au over 31 meters (see our [May 20, 2025, news release](#)). This fantastic discovery lies outside the conceptual open pit shell, indicating exciting potential to expand our mineral resources in what appears to be another high-grade gold and silver rich zone.

Given this exciting find, Oculito East is now our top priority for our ongoing Phase V drill program. We believe this zone holds the potential for significant gold discoveries, possibly with a high-grade silver (supergene) zone closer to the surface. Stay tuned for more drill results from this promising new area, as well as an updated Mineral Resource Estimate based on our Phase IV drilling.

Argentina: A Landscape of Positive Change

We are often surprised by how many investors are unaware of the incredibly positive transformations happening in Argentina. Under President Javier Milei's leadership, Argentina achieved a government surplus in 2024¹, and hyperinflation is being reined in, declining month after month². These are truly remarkable achievements, especially considering the President holds a small minority in the nation's Congress and Senate.

Argentina will hold midterm elections this year on October 26, with approximately half the seats in the lower chamber of Congress and a third of the upper Senate up for grabs. All indications suggest that Milei's Libertad Avanza party will gain more seats, which would give him greater power to implement pro- investment and pro-mining economic policies. While Argentina still faces economic challenges, the nation recognizes that mining is a key part of the solution.

¹ <https://www.reuters.com/world/americas/argentina-logs-first-financial-surplus-14-years-2024-2025-01-17/>

² <https://tradingeconomics.com/argentina/inflation-cpi>

Indeed, mining activity in Argentina is booming. Western companies like Rio Tinto and international companies like POSCO have invested billions of dollars into lithium projects in Salta province over the past few years. Now, the pipeline is filling with billions of dollars in hard rock mining projects in Salta and San Juan provinces, both of which are genuinely pro-mining and safe.

The Fraser Institute Annual Survey of Mining Companies recognizes Salta as the most attractive investment jurisdiction in Latin America, which we can certainly vouch for based on our own experience.

Silver's Strategic Potential and Diablillos' Unique Position

At the time of writing this letter, gold is trading at US\$3,400/oz and silver is at US\$36.30/oz. As a reminder, our updated PFS results announced in December 2024 were based on US\$2,050/oz gold and US\$25.50 silver; current spot prices are 64% and 42% higher, respectively.

The gold:silver ratio has pulled back from over 100 to 93, which is still very high compared to the historical average and given the silver market deficits. Silver is well below its all time high of US\$50/oz and we believe it has lots of room to run, especially if gold breaks to new highs.

Our Diablillos project is uniquely blessed with nearly equal endowments of silver and gold mineralization. While we value both metals, it is our exposure to silver that truly sets Diablillos apart from most other precious metals development projects. The silver market is currently in deficit, and primary silver development projects like Diablillos are incredibly scarce and valuable assets. We recently completed the final property payments for Diablillos, an easy decision for such a promising project.

We remain steadfast in our commitment to executing our strategy and delivering significant value to you, our shareholders. Thank you for your continued support as we advance and grow the Diablillos silver-gold project.

Yours truly,

Rob Bruggeman

Chairman
AbraSilver Resource Corp.