



## **OUTCROP PROVIDES UPDATE TO SHAREHOLDERS**

**January 13, 2022 – Vancouver, BC – Outcrop Silver & Gold Corporation (TSXV:OCG, OTCQX:OCGSF, DE:MRG1) (“Outcrop”)** is pleased to share an open letter from President and Chief Executive Officer, Joseph Hebert, to shareholders of the Company.

Dear Fellow Shareholders:

I wanted to take the opportunity to reflect on our growth and relate objectives for an important year ahead. 2021 provided numerous achievements for Outcrop.

### **Strong Start as a TSX Venture 50 Company**

We started 2021 strong, being named to the TSX Venture 50, a ranking of top performing companies traded on the TSX Venture Exchange. At that time Outcrop was ranked fourth in the Mining Sector with a market cap increase of 1,381% and a share price increase of 392% in 2020. Achieving this significant milestone was a testament of the abilities of the team in Colombia, Management, Board of Directors, and the ongoing support from our community stakeholders of Falan and surrounding areas.

We hope that as you read on, you will take away the value generated on the ground last year, and the potential that lies ahead to return to the valuation we had in early 2021 and beyond.

### **Expanded Footprint in Colombia’s Richest Historic Silver Camp**

Work has progressed systematically on our flagship Santa Ana discovery in Colombia’s richest silver camp. As such, we adopted a name change to Outcrop Silver and Gold to reflect our strategy and results.

With continued drilling success, we expanded our land package to 36,000 hectares to capture over 60 kilometres of cumulative vein zones which includes three significant historic mines. The Frias Mine in particular produced 7.8 million ounces of silver at a recovered grade of 1,300 g Ag/t from a single shoot 250 metres long by 320 metres deep. Frias serves as an analogue for a typical Santa Ana shoot. Outcrop has defined 7 high grade shoots to date of comparable size to Frias. Frias, 16 kilometres to the southwest occurs within an extension of the same vein system hosting the Royal Santa Ana Mine.

The most recently added claims extend the property boundaries to the south-southwest and fill-in important gaps in the south and eastern portions of the Santa Ana project. Outcrop now controls more than a district; it controls a regional-scale, world class silver-gold vein system.

## **Consistent High-Grade Across a Growing Vein System**

Santa Ana is the highest-grade project in Colombia and is competitive in respect to grade with any modern project active in South America. By early December 2021, we completed 29,510 metres in 183 core holes. For 110 intercepts over 200 g eq Ag/t, the average weighted average grade is 1,380 g eq Ag/t (18.9 g eq Au/t) over an average intercept width of 0.76 metres. All seven shoots discovered to date are represented by the 110 intercepts. The equivalent grades reflect an average of 7.25 g Au/t and 849 g Ag/t for a silver to gold ratio of 117 to 1.

Importantly, we expanded the potential resource area and identified several parallel and intersecting veins and related vein segments, with the following compelling characteristics:

- More numerous high-angle veins are connected by low-angle veins, with both orientations containing large high-grade shoots.
- All seven shoots have robust average internal grades from preliminary 3D models that range from 809 to 2,120 g eq Ag/t.
- Roberto Tovar, San Juan, and San Antonio are spaced several hundred metres apart and may converge at depth. These shoots provide a regular periodicity to help guide drilling.
- All shoots remain open laterally and at depth, with potential for significant expansion.
- The long axis of the shoots rake or plunge at a low angle within the plane of the vein. As an example, Megapozo has a long axis of 480 metres across a 300-metre depth of the vein.
- Locally, some shoots comprise several close-spaced veins that can be composited together in one interval. Examples are three veins in Roberto Tovar that composite for 10 metres at 450 g eq Ag/t and two veins in La Ivana that composite 6 metres of 340 g eq Ag/t.

## **Narrow Vein Mining**

Globally narrow veins provide over 30% of all underground production. Several major underground mobile equipment manufacturers provide mechanized drilling, and load and haul equipment specifically for narrow-width mines. There are some inherent advantages to narrow high-grade vein mining; less capital is required, less development and waste tonnages are produced in proportion to ore, and less tailings are produced in milling in proportion to metals recovered. All these features contribute to a smaller societal and environmental impact.

Santa Ana although in an exploration stage, can be compared favorably with several projects including Silvercorp's Ying Mine, Aucana's Ouray Mine, and SilverCrest's Chispas Project. These mines employ a combination of mining methods including long-hole, shrinkage and in particular resue (a mechanized selective mining method) or modified resue to keep grade dilution to a minimum. Both Silvercorp and Aucana use resue mining to mine veins less than 0.5 metres in width. These projects report or forecast all in sustaining costs (AISC) in the range of US \$ 7.00 to \$8.00 per silver equivalent ounce.

## **Path to Maiden Resource in 2022**

Progressive work at Santa Ana has shaped the foundation to deliver an upward scalable maiden resource in late 2022 while simultaneously generating and drilling additional robust targets. Currently, one rig is defining the Megapozo and Ivana shoots and will continue north from San Juan to test for additional shoots. A second rig is scheduled to arrive in Q1 2022 and will start to the north at El Dorado, Los Naranjos and Alaska targets before moving to the Espiritu Santo, Las Maras, California, and La Isabela targets to the south. Outcrop plans to mobilize a third drill rig in March to focus on resource definition drilling.

Currently, the potential cumulative resource area with drill definition is 1,840 metres long by 300 metres projected to depth. It is likely the mineralization will extend well beyond 300 metres.

Our phase four drilling program is underway, with an expected 18,000 metres of drilling planned to be completed by August, when a fifth phase drill plan will be initiated. We expect to share further details on drill plans and outline additional high priority targets as work advances.

## **District-scale Potential through Regional Prospecting**

Beyond the known shoots, we are advancing seven new targets up to 2.5 kilometres to the north and 5 kilometres to the south which show encouraging values in surface sampling with assays up to 64.8 g Au/t and 5,242 g Ag/t and a high of 6,735 g eq Ag/t. Several targets are drill ready, and we expect to add them to our exploration plan in H1 2022. With less than 10% of the project drilled to date, we are excited about the regional potential around Santa Ana, and exploring to the Frias Mine area 16 kilometres to the south of the Royal Santa Ana Mine area.

## **The Right Team to Move the Project Forward**

In August, we added a key member to our management team, Dr. Jesus Velador as Vice President Exploration. Jesus is a proven ore-finder, with extensive experience and knowledge of epithermal systems. He previously worked for Fortuna Silver Mines, First Majestic, and Fresnillo-MAG Silver. His work with Fresnillo-MAG Silver in 2004 was instrumental in the discovery of the Valdecanas vein deposit in Juanicipio. When with First Majestic, he managed the exploration team that discovered the silver and gold deposit at Ermitano near Santa Elena. Jesus has been instrumental in growing the Santa Ana discovery and focusing on the regional opportunities in the district.

## **Looking Ahead**

While we continue to demonstrate that Santa Ana is a world class, high-grade discovery, we strongly believe there is a significant discount in our valuation. Although it has been a number of volatile months for precious metals and equities, we have been working diligently to bring Santa Ana to its next milestone. In a landscape of a few explorers with robust and expanding high-grade silver discoveries, we strongly believe Outcrop provides a unique investment opportunity as we advance the historic Santa Ana camp into the 21<sup>st</sup> century.

Colombia, with its proven rich mineral endowment and relative lack of exploration is one of the most attractive jurisdictions for mining investment in Latin America, as ranked by the Fraser Institute in 2020. Falan is also a mining supportive region, and we are actively working with the government leaders to

provide benefit to our greater community and neighbors living near the Santa Ana concessions through various community-oriented initiatives.

We are entering 2022 with optimism and clear plan to generate value for our shareholders, including identifying additional opportunities for the other projects in our portfolio. On behalf of the Outcrop team, I thank you for your continued support and look forward to an exciting year ahead.

Yours truly,

Joseph Hebert, President and CEO

### ***About Outcrop***

Outcrop is rapidly advancing exploration on five silver and gold exploration projects with world-class discovery potential in Colombia. Outcrop is currently drilling and expanding the Santa Ana historic high-grade silver district. 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**

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