

Unico Silver (ASX:USL)

Research Note – 30 January 2026

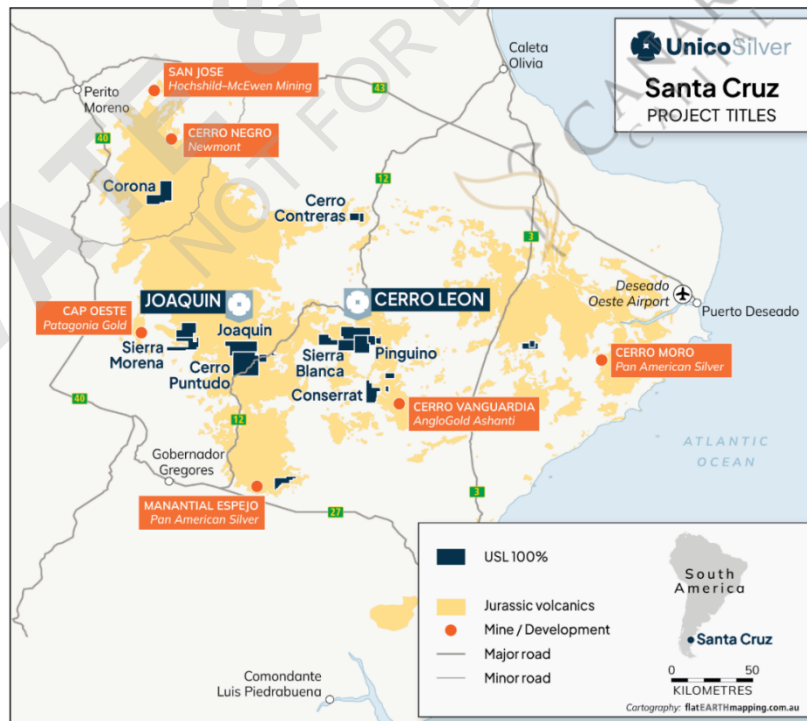
COMPANY OVERVIEW

Unico Silver (ASX:USL) is an Australian silver exploration company focused on the development of mineral deposits in Argentina. USL was incorporated in 2005 and listed on 19 April 2017, with its headquarters based in Melbourne, Australia. Its two main assets, the Joaquin and Cerro Leon projects, are primarily focused on silver with supporting gold exposure, and together form the cornerstone of Unico Silver’s portfolio in Argentina.

PROJECTS

Overview

Unico Silver holds a significant portfolio of exploration properties in the Santa Cruz province, a region well-known for its multi-million-ounce gold and silver vein deposits. USL’s two flagship assets, Cerro Leon and Joaquin, are situated within Argentina’s renowned Deseado Massif, offering significant geological advantages due to its favourable mining jurisdiction. USL has rapidly established a commanding position within the historically underexplored silver district, completing five acquisitions since late 2022. Cerro Leon holds an updated Mineral Resource Estimate (MRE) of 62 million ounces of silver from September 2025, whilst Joaquin holds a Historical Foreign Estimate of 68.3 million ounces of silver dated February 2013.



Joaquin Project

Project Overview. The Joaquin Project is 100% owned by USL and is a 35,000-hectare, silver-gold property located in the central Deseado Massif, approximately 60 km west of the Cerro Leon Project. Joaquin covers a single epithermal vein system extending over 10 km NS and 12 km EW. Since September 2025, the company has reported assay results for 91 holes totalling 14,594 metres, forming part of a 30,000-metre drill program focused on regional open-pit exploration and new discoveries. As per the December 2025 quarter, management has moved to proceed directly to a Pre-Feasibility Study (PFS) MRE covering La Negra, La Negra SE and La Morocha.

Historical Foreign Estimate. Whilst USL has not yet produced a JORC-compliant MRE, the company is aiming to have it completed during FY26, specifically at La Negra, and La Morocha. The Joaquin project has provided a Historical Foreign Estimate as of February 2013, of 16.7 Mt at 126 g/t Ag for 68.3 million ounces of silver.

Exploration Activities. In the December 2025 quarter, the company revealed exceptional infill and extensional drill results at Joaquin, confirming wide, shallow oxide, silver-gold mineralisation suitable for open pit expansion. Key outcomes included the completion of the La Negra SE infill drilling on a 50m x 25m grid, along with the confirmation of broad mineralisation with true thickness ranging from 15 to 75 metres. This drilling confirmed high-grade, near-surface intercepts, ensuring the transition to a PFS is on track, along with continuing to uphold exploration success. Significant assay results are summarised in the table below.

Hole ID	From (m)	To (m)	Interval (m)	Grade (g/t)	Gram-Metres
JDD113-25	18	125	107	70	7,490
JRC033-25	15	108	93	61	5,673
JDD065-25	99	107.1	8.1	341	2,762.1

Cerro Leon Project

Project Overview. Cerro Leon is 100% owned by USL and is primarily a silver-gold project located in the central Deseado Massif geological province, approximately 45 km northwest of AngloGold Ashanti's mine. It comprises three separate projects that were consolidated through transactions with Austral Gold, with the project hosting the second largest vein field in Santa Cruz, being 12 km by 9 km. The project contains over 130 km of mapped epithermal veins, with only 20% of veins to date being tested by drilling, highlighting the huge potential for further discoveries. Mineralised veins are up to 1m wide in outcrops and cover a combined strike of 115 km. 2025 was defined by discovery after discovery at Cerro Leon, as by mid-year, the project delivered the highest silver intercept in its history - 36 metres at 474 g/t AgEq.

JORC. USL provided an updated MRE as of September 2025, of 31 Mt at 62 g/t Ag for 62 million ounces of silver. JORC by resource category is broken down in the table below. This estimate included over 45 million ounces of open-pit, free-milling material, surpassing the upper end of their exploration target set in June 2025.

Cut-off Grade: 50 g/t	Tonnes (Mt)	Grade (g/t)	Contained Ag (Moz)	Adjusted Ounces (Moz)
Indicated	9.4	95	28.9	20.2
Inferred	21.6	48	33.1	13.2
Total	31.0	62	62.0	33.5

2025 Growth Strategy. The company implemented two main strategies during 2025, surrounding the PLUS 150 strategy, along with the BEYOND 300 strategy. The PLUS 150 strategy targets 150 million silver-equivalent ounces (150Moz AgEq) of free-milling, open-pit-constrainable mineralisation, forming the foundation for near-term scoping studies. The BEYOND 300 strategy aspires to grow past 300 million ounces through sulphide resource expansion and targeting known systems in Santa Cruz.

FINANCIALS

Cash Position and Debt Owed

In its most recent quarter, Q2 FY26, USL reported a cash balance of \$66.73m, with the company recording no debt.

Cash Burn and Runway

In its most recent quarter, Q2 FY26, USL recorded a cash burn of \$10.42m, driven almost entirely by exploration and evaluation costs, resulting in the four-quarter average being \$7.81m. This has resulted in the cash balance sitting at \$66.73m, leaving USL with eight quarters of operational runway left.

Exploration Expenditure

USL spent \$9.62m in its most recent quarter on exploration and evaluation costs. This was ~101% up from last quarter's exploration costs of \$4.78m, driven mainly by the expansion in drilling and work at the Joaquin project.

<i>In millions of AUD</i>	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26
Exploration and Evaluation Expenditure	5.92	6.81	4.78	9.62

Capital Structure

With ~610.8 million ordinary shares on issue, USL sits at the higher share count end of the spectrum. However, the amount is not problematic to constitute serious ownership dilution. Of the total options and performance rights, the largest single tranche is the 15 million options expiring on 1 June 2026, at an exercise price of \$0.26. If exercised, these options would increase shares on issue by approximately ~2.5%, a modest dilution in the context of the current shares on offer. On a fully diluted basis, USL has approximately 648.1 million shares, with options representing ~5.74% of the diluted capital structure.

Share Price	\$1.06
Ordinary Shares Outstanding	610,870,075
Market Capitalisation	\$647.52m
Debt	-
Cash	\$66.73m
Enterprise Value	\$580.79m
Options and Performance Rights Outstanding	37,223,529
Diluted Shares Outstanding	648,093,604

Capital Raise

USL completed a two-tranche equity raising in late 2025, anchored by a \$40m institutional placement announced on 18 November 2025, at an issue price of \$0.55 per share, issuing ~72.73 million fully paid ordinary shares. This was then followed by a Share Purchase Plan (SPP), raising \$10.32m. Approximately 18.78 million new SPP Shares were issued on 22 December 2025.

Shareholder Analysis

	Percentage Ownership
Citicorp Nominees Pty Ltd	11.02%
HSBC Custody Nominees (Australia) Ltd	8.93%
Instant Expert Pty Ltd	4.59%
Austral Gold Canada Ltd	3.96%
UBS Nominees Pty Ltd	3.32%
Loktor Holdings Pty Ltd	1.99%
Inversiones Financieras Del Sur Sa	1.82%
Dellta Pty Ltd	1.77%
DRA – Golden Junior Segregated	1.26%
Puresteel Holdings Pty Ltd	1.23%
Total	39.89%

Insider Ownership

Insider ownership at Unico Silver remains extremely low, with the board collectively holding ~1.16% of the total shares on issue, primarily driven by the Managing Director Todd Williams, holding approximately 0.81%. This level of ownership suggests limited direct equity alignment between directors and ordinary shareholders. However, the company's recent equity raisings have mechanically reduced insider ownership percentages, even where directors' absolute holdings may not have materially changed.

	Position Held	Percentage Ownership
Todd Williams	Managing Director	0.81%
Melanie Leydin	Non-Executive Director	0.16%
Peter Mullens	Non-Executive Chairperson	0.19%
Total		1.16%

MANAGEMENT

Management Biographies

Todd Williams – Managing Director (Since 2018). Todd Williams is an exploration geologist with a Bachelor of Science from the University of Adelaide. Prior to joining Unico Silver, Todd was the founder and principal of Circum Pacific Pty Ltd, a private Australian-based but South American focused gold explorer. During this time, he managed the development of Greenfield projects in Colombia and Argentina, including the Santa Cruz and Rio Negro project.

Todd was compensated \$741,399 in FY25 (FY24 – \$646,285).

Peter Mullens – Non-Executive Chairman (Since 2021). Peter Mullens is a geologist with a Bachelor of Science degree from Monash University in Melbourne. Peter has over 30 years’ experience in the minerals industry, ranging from grassroots exploration to project development in 20 countries. Peter has held senior roles with Mount Isa Mines, and has participated in several large gold discoveries, notably the Chang Shan Hoe gold deposit in China. Peter is an experienced director having served on several public company boards including Lydian Resources, Laramide Resources and G2 Gold. Peter was compensated \$212,900 in FY25 (FY24 - \$60,000).

Melanie Leydin – Non-Executive Director (Since 2021). Melanie holds a Bachelor of Business and is a Fellow of the Institute of Chartered Accountants. Melanie has over 20 years’ experience in the accounting profession and over 20 years’ experience holding board positions including company secretary and being the CFO of ASX-listed companies. From February 2000 to October 2021, she was the principal of Leydin Freyer, providing outsourced accounting and financial services to both private and ASX-listed companies. Melanie was compensated \$51,000 in FY25 (FY24 - \$39,996).

Jose Bordogna – Non-Executive Director (Since 2023). Jose is an experienced finance executive and currently serves as CFO of Austral Gold Limited. He has over 15 years’ experience in accounting, finance and investment banking, holding a Global Executive MBA from IE Business School along with being a CFA charter holder. His previous roles include being an investment analyst with the International Finance Corporation, covering Latin America, and auditor with Deloitte and Touche. Jose was compensated \$111,867 in FY25 (FY24 - \$40,000).

Management Compensation

In AUD	Salary and Fees	Superannuation	Cash Bonus	Share-Based Compensation	Total Compensation
FY25	\$554,053	\$50,611	\$55,900	\$456,602	\$1,117,166
FY24	\$386,973	\$34,695	\$66,000	\$298,623	\$786,281
FY23	\$318,464	\$27,927	-	\$132,825	\$479,216

INVESTMENT ANALYSIS

Investment Thesis

District-Scale Silver Upside. USL offers leveraged exposure to a proven silver-gold epithermal belt in Santa Cruz’s Deseado Massif region, with the investment case anchored by its two flagship projects (Cerro Leon and Joaquin). Joaquin boasts an impressive Historical Foreign Estimate of 68.3 million ounces of contained silver, targeting conversion to a JORC-compliant MRE during FY26. Along with this, recent exploration activities revealed significant progress and upside potential, with drilling returning grades of up to 341 g/t Ag. Cerro Leon provides a higher-confidence foundation through its updated JORC MRE, including 33.47 million ounces of silver adjusted for expected recovery and payability assumptions etc., and has also demonstrated the capacity for standout silver-equivalent intercepts. Together, the two flagship assets provide both resource scale and an active drilling runway, while the move toward a PFS signals an intent to translate exploration success into study-stage milestones and value realisation.

Funded Milestone Pathway and Execution Capability. USL has a clear milestone-driven roadmap through its PLUS 150 and BEYOND 300 framework, translating drilling into resource definition, confidence upgrades, and study progression rather than open-ended exploration. The company is also well funded for future drilling and near-term

activities, with ~\$66.73m cash to support multi-rig drilling and key PFS-enabling workstreams (metallurgy, geotech and environmental baseline). These factors, combined with an experienced, long-tenured management team, improve the likelihood of delivering near-term catalysts and progressively de-risking the asset base.

Investment Risks

Low Insider Ownership. Insider ownership at USL remains very low, with the board cumulatively holding ~1.16% of shares on issue, which may indicate limited direct equity exposure through ordinary shares. While recent equity raisings can mechanically reduce insider percentages, low ownership still matters because it can weaken perceived alignment with shareholders on a per-share basis, particularly in an exploration-stage company where decisions around how much to spend and whether to raise more equity directly influence dilution and long-term per-share outcomes.

Limited Study Visibility. Despite encouraging drilling momentum, USL is still early in the value realisation pathway, with limited study-level information to anchor robust financial modelling. The company has not yet published a complete feasibility study with detailed assumptions on mine design, processing performance, capital costs, operating costs and timeline. In addition, parts of the asset base, particularly Joaquin, are still progressing toward higher-confidence JORC-compliant resource definition, meaning tonnage, grade and continuity can shift as drilling continues. Until updated MRE's, scoping, and PFS outputs mature, valuation currently relies more on assumptions, and may change as recoveries, costs and timelines are refined.

INVESTMENT RECOMMENDATION

Despite USL's district-scale silver exposure, strong recent drilling and a well-funded work program, the absence of mature study-level outputs and fully de-risked economics across its flagship assets remains a material overhang on the investment case and valuation. Accordingly, we recommend USL as a **Watch**, pending greater visibility from upcoming resource updates and scoping/PFS deliverables, including JORC conversion work at Joaquin.

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