Pan American Silver (NYSE/TSX: PAAS) - Q2 2026 Results, the Silver Cycle & Valuation

Second quarter ended June 30, 2026, reported in US dollars. Pan American is a silver and gold producer with mines across the Americas (Mexico, Peru, Bolivia, Argentina, Brazil, Chile, Canada) and a 44% interest in the Juanicipio mine. A silver price near record highs drove revenue up 38% and a company-record $300M of shareholder returns, while gold production came in below guidance.

A factual snapshot built from Pan American's public filings and verified market data. It contains no Blackspear forecast, price target, or recommendation.

ADJUSTED EPS (Q2'26)	REALIZED SILVER PRICE	ATTRIBUTABLE FCF (Q2'26)	SILVER SEGMENT AISC
$0.73	**$70.97**	**$344M**	**$17.80**
net earnings $305M; GAAP EPS $0.72	+116% vs $32.91 a year ago (price-driven)	$300M returned (a company record)	per oz; gold AISC $1,984/oz

PRODUCTION, REALIZED PRICE & COST BY SEGMENT - Q2 2026 (ATTRIBUTABLE)

SEGMENT	PRODUCTION	REALIZED PRICE	AISC
Silver	6,469 koz	$70.97/oz	$17.80/oz
Gold	165.9 koz	$4,402/oz	$1,984/oz
Base metals (Zn/Pb/Cu)	15.6 / 8.4 / 0.6 kt	by-product	credited

Silver production rose 27% year-over-year (helped by the September 2025 acquisition of the 44% Juanicipio interest) and hit the high end of its quarterly guidance, while gold fell 7% and came in below guidance on shortfalls at Jacobina, El Peñón and others. Silver AISC ($17.80/oz, net of gold and base-metal by-product credits) fell year-over-year; gold AISC ($1,984/oz) rose and is now expected at the high end of full-year guidance.

RESULTS & CASH HIGHLIGHTS - Q2 2026

Revenue / attributable revenue	$1.1B / $1.3B
Cash flow from operations	$320M
Attributable free cash flow	$344M
Cash & investments	$1.8B
Total debt	$841M
Net cash / total liquidity	**~$0.95B / $3.2B**

Higher metal prices lifted revenue 38% and taxes; a $179M tax expense was recorded, and the full-year taxes-paid guidance was raised to $585-635M. The balance sheet is low-debt: $1.8B of cash and investments (including $97M attributable to the Juanicipio JV) against $841M of total debt, roughly $0.95B of net cash.

HOW TO READ THE NUMBERS

- Earnings are highly leveraged to silver, which is extremely volatile: it spiked to an all-time high of about $121.64/oz in January 2026 and has since retreated to about $65 spot (see page 2).
- Adjusted figures are non-GAAP; AISC ("all-in sustaining cost") is net of by-product credits, so a high gold price lowers silver AISC and vice versa.
- Juanicipio (44%) is a joint venture accounted for by the equity method; "attributable" figures include Pan American's share.
- The Escobal mine in Guatemala remains suspended pending a consultation process, with no restart timeline.

CAPITAL ALLOCATION, BALANCE SHEET & GROWTH - AS OF JUNE 30, 2026

A LOW-DEBT BALANCE SHEET FUNDING BUYBACKS AND A DIVIDEND

RETURNED IN Q2	BUYBACKS YEAR-TO-DATE	DIVIDEND (Q2)	LIQUIDITY
$300M	**~$358M**	**$0.184**	**$3.2B**
$224M buybacks + $76M dividends	~7.3M shares at ~$49.22 average	per share; variable with buybacks	credit facility doubled to $1.5B, undrawn

Pan American returned $300M in the quarter under an enhanced shareholder-return framework, and in July doubled its revolving credit facility to $1.5B (undrawn), lifting total liquidity to $3.2B. It is also investing in growth: the La Colorada Skarn silver project in Mexico (588 Decline development began August 2026), the Timmins Camp project in Canada, and plant improvements at Jacobina in Brazil. Growth projects and shareholder returns both depend on metal-price-driven cash flow.

VALUATION SNAPSHOT - BELOW ITS 52-WEEK HIGH (MID-AUGUST 2026)

Share price (NYSE, recent)	**~$47.81**	Adjusted EPS (Q2 / H1'26)	**$0.73 / $1.82**
Market capitalization (~417M sh.)	**~$19.9B**	P / E (trailing GAAP TTM ~$3.35)	**~14.3x**
Cash & investments / total debt	**$1.8B / $0.84B**	Fwd P / E (consensus ~$4.33)	**~11.0x**
Net cash	**~$0.95B**	EV / revenue (attrib. annualized)	**~3.6x**
Enterprise value (less net cash)	**~$19B**	Dividend (~$0.74/yr) & yield	**~1.5%**
52-week range	**$30.59-$69.99**	Earnings reflect record silver	**yes**

The multiples (~14x trailing earnings, ~11x forward) sit on **cyclically extreme silver prices**: silver spiked to a record ~$121/oz in January 2026 and has roughly halved to ~$65, so recent earnings reflect price levels that may not persist. On mid-cycle silver, earnings and these multiples would be materially different. Multiples move with the share price and, above all, the silver price, refresh before relying on them.

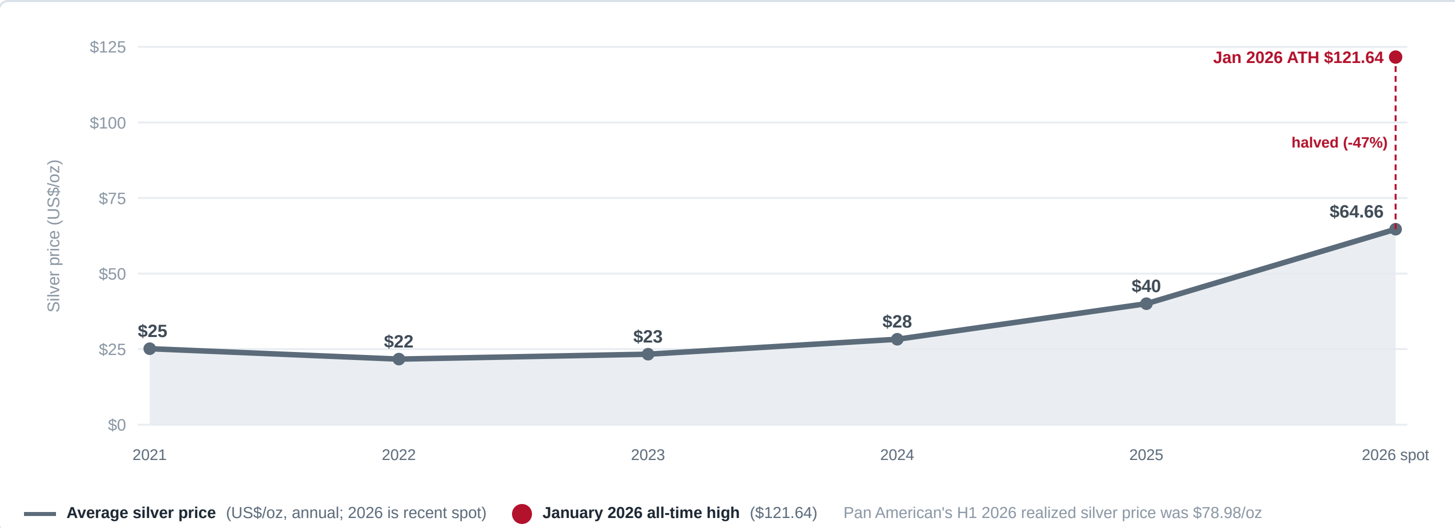
Full Excel model - linked tabs (mine-by-mine build, silver/gold price sensitivity, Juanicipio JV, growth-capex model, valuation, source tie-outs) - available on request. Email **info@blackspearllc.com** for a copy.

Pan American Silver (NYSE/TSX: PAAS) - Valuation, the Silver Cycle & Key Risks

A silver-focused miner whose earnings and share price are leveraged to one of the most volatile commodities. Silver spiked to an all-time high near $121/oz in January 2026 and has roughly halved since; record cash returns and a low-debt balance sheet are the bull case, while extreme price volatility, softer gold output, and a stranded Escobal mine are the risks.

History from public silver-price and Pan American data; guidance is company estimate; multiples are Blackspear calculations. Nothing here is a Blackspear price target or recommendation.

AVERAGE SILVER PRICE - THE DRIVER OF EARNINGS, 2021-2026



TRAILING P/E (GAAP)	FORWARD P/E	NET CASH	REALIZED SILVER (Q2)
~14.3×	**~11.0×**	**~$0.95B**	**$70.97**
on TTM ~$3.35	on ~$4.33 consensus	$1.8B cash; $3.2B liquidity	per oz; H1 $78.98

VALUATION & THE CYCLE

Recent price (NYSE)	**~$47.81**
Market cap / EV	**~$19.9B / ~$19B**
Adjusted EPS (Q2 / H1'26)	**$0.73 / $1.82**
Trailing P/E (GAAP TTM)	**~14.3×**
Forward P/E (consensus ~$4.33)	**~11.0×**
EV / revenue (attrib. annualized)	**~3.6×**
Realized silver (Q2'25 → Q2'26)	**$32.91 → $70.97**
Silver AISC / net cash	**$17.80 · ~$0.95B**

LEVERAGE TO A VOLATILE METAL

SILVER-LEVERAGED, AFTER AN EXTREME PRICE SPIKE

Rich cash flow, on peak-cycle silver

PAAS trades at ~14x trailing and ~11x forward earnings, which rest on silver near record highs after a January 2026 spike to ~$121/oz that has since roughly halved to ~$65. Bulls point to unusually strong silver leverage, record cash returns, a low-debt balance sheet, growth at La Colorada Skarn, and optionality if the dormant Escobal mine ever restarts. Bears note silver is exceptionally volatile and has already fallen far from its peak, gold output is missing guidance, unit costs and taxes are rising, and on mid-cycle silver these multiples and cash flows would look very different. This frames both sides; it is not a Blackspear view.

TOP RISK FACTORS - SUMMARIZED FROM THE COMPANY'S FILINGS

- **Silver and metal-price cyclicality.** Earnings and cash flow are highly leveraged to silver and gold, which are volatile; silver spiked to a record ~$121/oz in January 2026 and has roughly halved, so a further decline would sharply cut margins, free cash flow, and the capacity for buybacks.
- **Jurisdiction and political risk.** Mines span Mexico, Peru, Bolivia, Argentina, Brazil, Chile, Guatemala and Canada; taxes, permitting, royalties, currency, expropriation, and community and indigenous relations vary and can change (taxes-paid guidance was raised to $585-635M).
- **Cost inflation and rising taxes.** Labour, consumables, and royalty costs rise with metal prices, and higher profitability lifts cash taxes; margins compress if costs keep climbing while metal prices fall.
- **Gold underperformance and operations.** Gold production is below guidance on shortfalls at Jacobina (seismic-driven mine-sequencing changes), El Peñón and others; El Niño rainstorms are disrupting sites in Chile and Argentina, and gold AISC is rising toward the high end of guidance.
- **Escobal restart uncertainty.** The Escobal mine in Guatemala remains suspended pending an ILO 169 consultation with no restart timeline; a large asset is stranded, and any restart or permanent closure is outside the Company's control.
- **Growth execution and joint-venture exposure.** La Colorada Skarn, Timmins, and Jacobina projects consume capital and carry cost, schedule, and permitting risk; the key Juanicipio mine (44%) is a non-operated joint venture accounted for by the equity method.

On the numbers. Reported results are from Pan American's Q2 2026 news release, MD&A, and financial statements (IFRS, US dollars). The chart shows the average silver price by year (2021-2025 annual averages; 2026 is a recent spot price of about $64.66), with the January 2026 all-time high of $121.64 marked; Pan American's H1 2026 realized silver price was $78.98/oz. Net cash is cash and short-term investments (about $1.8B, including $97M attributable to the Juanicipio JV) less total debt of $841M. EV/revenue uses attributable revenue annualized from the first half; the trailing P/E is on trailing-twelve-month GAAP earnings of about $3.35, and forward consensus is about $4.33. All are mechanical Blackspear calculations on cyclically high silver prices, not estimates, price targets, or recommendations.