

## Annual Message to Shareholders



April 28, 2022

The silver-producing industry appears to be finally emerging from a prolonged period of fiscal discipline, balance sheet repair, and asset divestiture. The sector is now rapidly moving towards a growth-seeking phase.

With growing high-grade underground discoveries and a dominant land position in an emerging silver camp – we believe that Alexco is ideally positioned.

In a volatile and uncertain market for junior companies, I believe Alexco stands out as a rare opportunity to participate in the growth of a Canadian pure silver play company with a uniquely valuable asset, a Board and management team with broad skills and relevant experience.

As we move forward into the summer of 2022, the Alexco team remains focused on its mission of transitioning from a developer to a producer at its wholly owned Keno Hill Silver District in Yukon, Canada. As I reflect upon 2021, I am confident it will stand out as a challenging but pivotal year on our journey toward revitalizing Canada's only primary silver producer. I am pleased to note that we continue to make progress and anticipate reaching a sustainable 400 tonnes per day operating level in 2022. This is in spite of our ramp-up process being impacted, largely driven by the COVID-19 pandemic and some resultant labour and equipment availability challenges,

While the industry was hampered with managing the pandemic concerns and the volatility of the silver price, Alexco endeavored through to have a very robust and productive year. Some of Alexco's more notable achievements in 2021 include:

- ✓ **Produced First Concentrates in Q1** | Total silver production of ~600,000 ounces ("oz") from salvage ore at Bellekeno, average head grade of approx. 740 grams per tonne ("g/t") silver ("Ag").
- ✓ **District Mill Performance at Plan** | Q3 milled tonnes on plan at 7,275 tonnes; exclusively from Bellekeno while Bermingham ore was stockpiled. Silver recoveries increasing throughout the year from 83% in Q1 to 95% in Q3. Testing the mill at 18 tonnes per hour (equivalent to 400 tpd) in Q4.
- ✓ **Transitioning Ore Feed to New Mines** | "Milled-Out" Bellekeno ore in October. 4,600 tonnes of Bermingham ore mined from 1150 level to date. Bermingham grades in-line with block model. Flame & Moth development continued with production commencing in Q1 2022. Development rates +26% quarter over quarter.

- ✓ **New Reserve Supports Extended Mine Life** | Reserves increased by 22% to 1.44 million tonnes @ 804 g/t Ag and 1,035 g/t silver equivalent. Reserve mine plan estimates 35.5 million oz silver production over next 8 years.
- ✓ **Completed all major PPE expenditures** | The Company capitalized expenditures totaling \$38,554,000 on underground development at the Bermingham and Flame & Moth mines during 2021.
- ✓ **Exceptional drilling results at Bermingham NE Deep Deposit** | Composite assays to 1,383 g/t Ag over 11.09 meters true width. The 17,742 meter (“m”) drill program completed 52 intercepts through the multi-vein target zone, which extends approximately 500 m along strike with at least a 100 m vertical extent.

Alexco is in a unique situation. We benefit from having our operations located in one of the safest and more mining friendly jurisdictions in the world and with all of the mining, surface infrastructure and mill improvements completed, we are on track to reach design capacity in the third quarter of 2022.

The early part of 2022 was a very challenging time for us at site, but I believe it is behind us now and over the remainder of 2022, we’re committed to delivering:

- ✓ **Increasing ore deliveries in Q2 2022**
- ✓ **Providing 2022 Guidance on May 12, 2022**
- ✓ **Undertake 15,000 m surface drilling program** focused on identifying and testing new prospective areas adjacent to the Bermingham deposit, especially areas projected to contain structural characteristics and architecture similar our discovery at Bermingham
- ✓ **Sustainably reach our targeted production levels**

In closing, as I have said numerous times before, we still have work ahead of us at Keno Hill, but I am optimistic that we can see the finish line and that we will reach our objective of reaching cash flow self-sufficiency, and operating a safe, sustainable, and profitable operation in the second half of this year.

We appreciate the ongoing support of both our long-term shareholders as well as newcomers to the Company. Your confidence in our people, our objectives and our shared goal of becoming Canada’s only primary silver producer is valued.

Sincerely,

*/s/ Clynton R. Nauman*

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Chairman & Chief Executive Officer  
Alexco Resource Corp.