SCP EQUITY RESEARCH

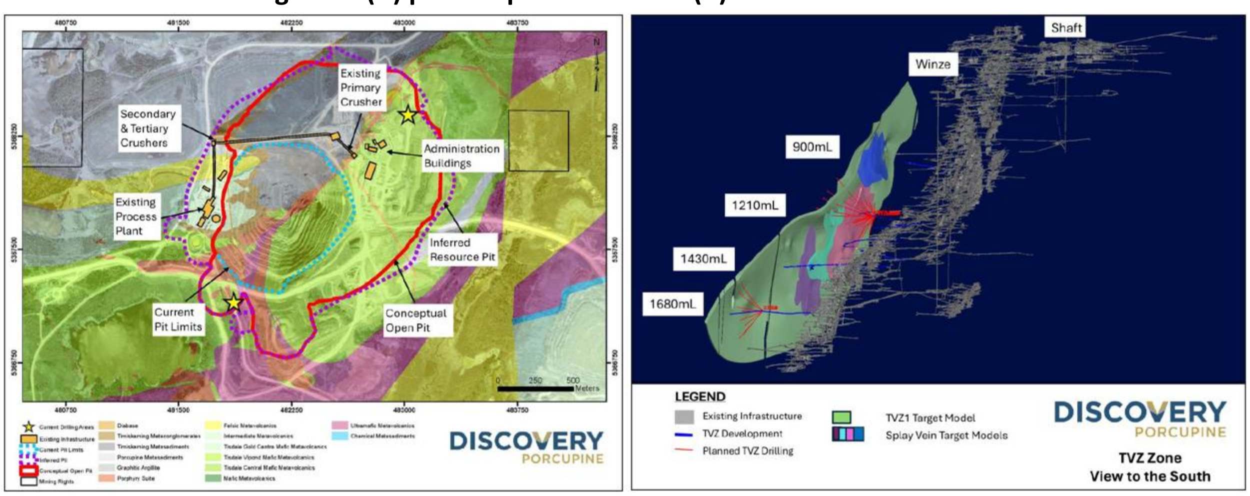
Discovery Silver, 07 November 2025

Ticker: DSV CN	**Cash + Res:** C$411m	**Project**: Porcupine / Cordero
Market cap: C$4.37bn	**Price:** C$5.45/sh	**Country:** Canada / Mexico
REC. (unc): BUY	*TARGET (unc): C$6.10/sh*	*RISK RATING (unc): SPECULATIVE*

Big picture, with 15 drills across all properties now, we think today's exploration update paints a positive picture for future resource conversion and growth at the Porcupine Complex. Diving in, Hoyle S Vein drilling averaged 2.9m @ 27.3g/t (true width), well above existing 767koz @ 13.7g/t MRE, extending mineralization West and into its roots at depth. While assays reported are uncut, we think this leaves plenty of room for dilution for mining shapes (up to 2x the width at average grades today) – which should bode well for reserve conservation. Pamour core lengths averaged 20.6m @ 1.4g/t, also above existing 3.7Moz @ 1.3g/t MRE – providing useful infill from Phase 1-3 pits. Extensional drilling at Borden averaged 8.0m @ 7.0g/t – higher than existing 971koz @ 5.9g/t resource and pointing to positive high-grade growth at depth.

*While good to see positive results on the exploration front, **most interesting for us today were reports of drills being mobilized at Dome with commentary around a new open-pit design accessing >50% of resources without a mill relocation that could support >10 years of mining**. Recall, Dome hosts an existing 11Moz @ 1.5g/t inferred resource. While management is doing the work, we are particularly excited of the optionality of Dome's potential. **For reference, assuming 50% conversion to reserve at 20% dilution gives a potential SCPe 5.5Moz @ ~1.2g/t reserve base.** From there, a mill expansion from current 12ktpd to 20-30ktpd, at 90% recovery, equates to a 100-220koz pa lift in production. The punchline? – we estimate an additional **C$1.0-2.9bn NPV5%-3,000 potential beyond our current valuation** for Porcupine and outside the company's 1Q25 PEA, assuming US$1,500/oz AISC (or 50% target margin) and nominal C$400-500m capex—more than warranting the cost for expansion in our view. While speculative for now, the cost and timing to bring Dome online remains a key value driver for the stock in our view i.e either lifting production towards 500koz in the near term or backfilling the LOM plan—details we think get sorted in upcoming studies. We leave our assumptions unchanged for now but are reviewing options for Dome. As such, **we maintain our BUY rating and C$6.10/sh price target** based on a fully diluted 1.0x NAV5%-3000 for Porcupine and 0.2x for Cordero.*

Figure 1. (A) plan map of Dome and (B) isometric view of TVZ



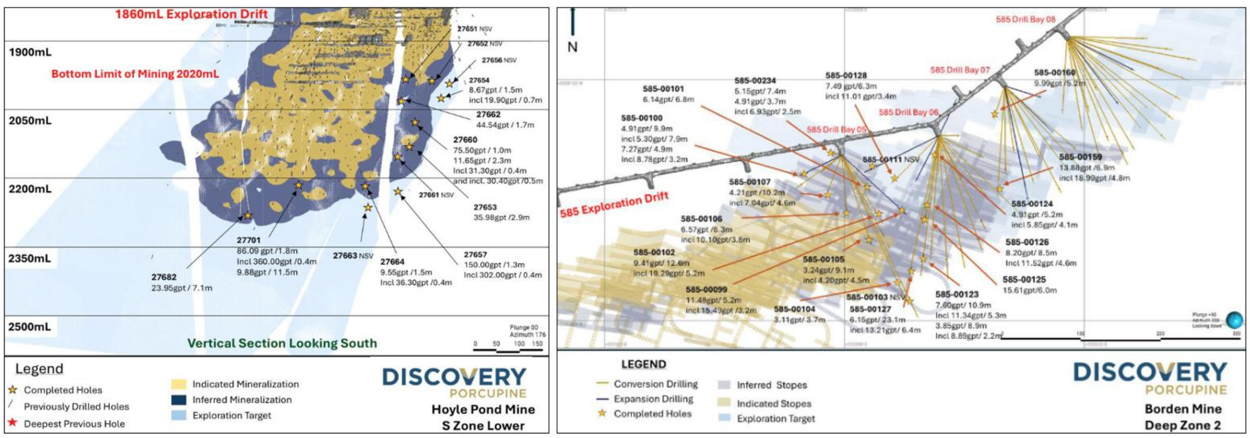
Source: Discovery Silver

Porcupine exploration ticking on; Dome pit upside work begins, SCPe +100-220kozpa potential

Today, Discovery Silver reported initial results from 85 holes (27,640 m) at the Porcupine Complex as part of the ongoing 140,000 m program. Hoyle Pond (5,877m; 23 holes) infill and expansion drilling targeting the lower S Zone hit **7.1m @ 23.95g/t**, **1.8m @ 86.09g/t** (incl. **0.4m @ 360.0g/t**), **11.5m @ 9.88g/t**, and **1.3m @ 150.00g/t**, while drilling west of the S Zone hit **2.9m @ 35.98g/t**. Borden (4,360m; 19 holes) drilling extended the Main Zone NE with **23.1 @ 6.15g/t**, **6.9m @ 13.88g/t**, and **12.6m @ 9.41g/t** (incl. **5.2m @ 19.3g/t**). Pamour (10,144m; 32 holes) drilling hit **104.6m @ 1.44g/t** and **5.0m @ 48.82g/t** in the Phase 1 pit area, and **86.6m @ 0.96g/t** in the Phase 3 pit area. Owl Creek (6,689m; 11 holes) regional drilling following up on down-plunge mineralization extensions returned **16.2m @ 4.08g/t** (incl. **3.9 m @ 9.8g/t**) and **17.5 m @ 4.14g/t**. A total of 13 drills are turning (3 Owl Creek, 3 Pamour, 3 Borden, 4 Hoyle), with a fourth surface drill soon to be added at Borden.

Additionally, the company reported that infill and expansion drilling commenced at Dome (7,500m; one rig) at the end of September ahead of an updated MRE (current 11.0Moz @ 1.49g/t inferred) and evaluation of a potential UG. TVZ (25,000m; one rig with two more to be mobilized) infill and expansion (located between 800-1800mL in SE portion of Hoyle) commenced at the end of October ahead of the planned initial 1Q26 NI 43-101.

Figure 2. (A) Hoyle Pond S Zone section and (B) Borden Mine Deep Zone showing today's drilling



Source: Discovery Silver

Why we like Discovery Silver

1. Track record of multi-billion-dollar value creation through best-in-class mgmt led by Tony Makuch
2. Quality assets with rich production history and strong resource scale
3. Near-term production uplift of SCPe +50kozpa to >300kozpa
4. Additional upside from 11Moz Dome pit and world-class Cordero project

Catalysts

- 2025: Porcupine quarterly production
- 2H25: Porcupine PFS / LOM study
- 2025: Exploration drilling (Pamour, Hoyle, Borden, TVZ)
- 1H26: TVZ MRE
- 2026: initial reserve estimate Hoyle Pond, Borden, and Pamour
- 2026: commercial production at Pamour
- 2025/2026: Dome trade off studies

Research

Brandon Gaspar (Toronto) m +1 437 533 3142 bgaspar@scp-rf.com
Eleanor Magdzinski (Toronto) m +1 705 669 7456 emagdzinski@scp-rf.com
Omeet Singh (Toronto) m +1 647 527 7509 osingh@scp-rf.com
Moatasm Almaouie (Toronto) m +1 780 299 5151 malmaouie@scp-rf.com

Ticker: DSV CN	**Price, MC:**	C$5.45/sh, C$4373m	**Project PNAV today:**	0.59x	**Asset:** Cordero / Porcupine
Author: B Gaspar	**Rec, Price Target:**	BUY, C$6.1/sh	**1xNAV$_{2Q25}$ FD:**	C$9.18/sh	**Country:** Mexico / Canada

Commodity price	**CY24A**	**CY25E**	**CY26E**	**CY27E**
Gold price	2,387	3,208	3,258	3,043

SOTP *project* valuation*	**C$m**	**O/ship**	**NAVx**	**C$/sh**
Porcupine NPV @ 4Q25	3,956	100%	1.0x	4.77
Cordero NPV @ Build start	3,201	100%	0.2x	0.77
2Q25 Cash + Restricted Cash	411	100%	1.0x	0.49
Cash from options	18	100%	1.0x	0.02
Porcupine resources ex invt @ $25/oz	374	100%	1.0x	0.45
G&A / fin / deferred consideration	(342)	100%	1.0x	(0.41)
Asset NAV5% US$3000/oz	7,617			6.09
		Market P/NAV$_{5\%\ today}$		0.59x

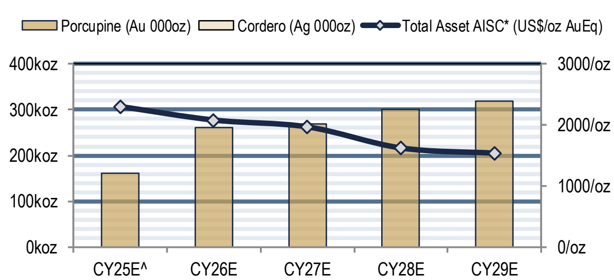
SCP 1x Porcupine NAV: (C$m)					
Porcupine 1xNAV (C$m)	$2200oz	$2600oz	$3000oz	$3400oz	$3800oz
Discount rate: 10%	1,302	2,057	2,811	3,566	4,321
Discount rate: 7%	1,583	2,503	3,422	4,342	5,261
Discount rate: 5%	1,825	2,891	3,956	5,021	6,086
Porcupine 1x NAVPS (C$/sh)	$2200oz	$2600oz	$3000oz	$3400oz	$3800oz
Discount rate: 10%	1.57	2.48	3.39	4.30	5.21
Discount rate: 7%	1.91	3.02	4.12	5.23	6.34
Discount rate: 5%	2.20	3.48	4.77	6.05	7.33

***Group 1x* NAV over time**	**Dec-25**	**Dec-26**	**Dec-27**	**Dec-28**	**Dec-29**
Porcupine NPV (C$m)	3,956	4,027	4,014	3,888	3,675
Cordero NPV (C$m)	2,596	2,726	2,862	3,006	3,313
G&A and fin. costs (C$m)	(342)	(324)	(305)	(233)	(160)
Net cash prior qtr (C$m)	411	455	630	863	1,024
Cash from options (C$m)	18.1	18.1	18.1	18.1	18.1
Resource ex rsvr (C$m)	374	374	374	374	374
NAV FD (C$m)	7,013	7,276	7,593	7,915	8,243
FD Shares in issue (m)	*830*	*830*	*830*	*830*	*830*
1xNAV5%/sh FD (C$/sh)	**8.45**	**8.77**	**9.15**	**9.54**	**9.93**
P/NAV (x):	0.64x	0.62x	0.60x	0.57x	0.55x
ROI to equity holder (% pa)	55%	27%	19%	15%	13%

SCP 1x Group NAV: (C$m)					
Group 1xNAV (C$m)	$2200oz	$2600oz	$3000oz	$3400oz	$3800oz
Discount rate: 10%	3,602	4,386	5,169	5,952	6,735
Discount rate: 7%	4,552	5,510	6,467	7,425	8,382
Discount rate: 5%	5,392	6,505	7,617	8,730	9,842
Group 1x NAVPS (C$/sh)	$2200oz	$2600oz	$3000oz	$3400oz	$3800oz
Discount rate: 10%	2.56	3.49	4.42	5.35	6.28
Discount rate: 7%	3.03	4.17	5.31	6.44	7.58
Discount rate: 5%	3.45	4.77	6.09	7.42	8.74

Production	**CY25E^**	**CY26E**	**CY27E**	**CY28E**	**CY29E**
Porcupine (Au 000oz)	161	260	269	301	318
Cordero (Ag 000oz)	-	-	-	-	-
Porcupine AISC (US$/oz)	2,305	2,082	1,970	1,621	1,536
Cordero AISC (US$/oz)	-	-	-	-	-
Total Asset AISC* (US$/oz AuEq)	2,305	2,082	1,970	1,621	1,536

**SCPe AISC includes exploration and royalty payments ^Production and AISC on attributable*



Source: SCP estimates attributable to DSV

M&I/P&P/Inventory:	**Tonnes (Mt**	**AuEq Grade**	**AuEq (Moz**	**AgEq Grade**	**AgEq (Moz)**
Borden 1Q25 MRE	5.1	5.90g/t	1.0	506g/t	83
Dome 1Q25 MRE	229	1.49g/t	11.0	128g/t	941
Hoyle Pond 1Q25 MRE	1.7	13.67g/t	0.8	1172g/t	66
Pamour 1Q25 MRE	88	1.31g/t	3.7	112g/t	318
Cordero 1Q24 MRE	867	0.49g/t	13.6	42g/t	1162
Global MRE	**1,191**	**0.78g/t**	**30.0**	**67g/t**	**2,570**
Cordero 1Q24 P&P	327	0.69g/t	7.3	54g/t	626
Porcupine 1Q25 PEA Inventory	95	1.70g/t	5.4	150g/t	459

Capital structure	**Basic**	**FD for Options**
Shares out (m)	802.4	829.9

Ratio analysis	**CY24A**	**CY25E**	**CY26E**	**CY27E**	**CY28E**
Average shares out (m)	398.3	652.1	802.4	802.4	802.4
EPS (C$/sh)	-	0.22	0.38	0.33	0.39
CFPS (C$/sh)	-	-	0.14	0.12	0.25
EV (C$m)	2,150	3,302	4,011	3,912	3,710
FCF yield (%)	-	-	3%	2%	5%
PER (x)	-	24.8x	14.4x	16.4x	13.9x
EV/EBITDA (x)	-	12.5x	8.6x	9.3x	7.4x

Income statement	**CY24A**	**CY25E**	**CY26E**	**CY27E**	**CY28E**
Net revenue (US$m)	-	545	843	815	899
COGS (US$m)	-	227	345	361	367
Gross profit (US$m)	-	318	498	454	531
D&A, attrib (US$m)	-	19	17	26	37
G&A + sh based costs (US$m)	13	39	16	16	16
Expensed Explo. (US$m)	0	9	16	16	16
Net financial fees & costs (US$m	(2)	12	1	1	(0)
Other + FX (US$m)	4	7	-	-	-
Taxes (US$m)	-	88	144	128	148
Net income (US$m)	**(15)**	**143**	**304**	**267**	**314**
EBITDA (US$m)	*(15)*	*265*	*465*	*421*	*500*
FCF (CFO-CFI) (US$m)	*(23)*	*(235)*	*110*	*99*	*201*

Cash flow, attrib.	**CY24A**	**CY25E**	**CY26E**	**CY27E**	**CY28E**
Add D&A / share bsd (US$m)	4	34	24	34	45
Adjust fin. cost (US$m)	-	6	-	-	-
Change in wkg cap (US$m)	(7)	14	(3)	(0)	(5)
Other non-cash (US$m)	3	29	-	-	-
Cash flow ops (US$m)	**(15)**	**226**	**325**	**301**	**355**
PP&E - build + sust. (US$m)	(7)	(206)	(215)	(164)	(116)
PP&E - expl'n (US$m)	-	-	-	-	-
Deferred consideration (US$m)	-	(52)	-	(38)	(38)
Acquisitions & Other (US$m)	-	(204)	-	-	-
Cash flow inv. (US$m)	**(7)**	**(461)**	**(215)**	**(202)**	**(154)**
Share issue (US$m)	1	173	-	-	-
Debt draw (repay) (US$m)	(1)	(0)	-	-	-
NSR liability (US$m)	-	298	-	-	-
Cash flow fin. (US$m)	**1**	**470**	**-**	**-**	**-**
Net change in cash post forex (U	(22)	232	110	99	201

Balance sheet	**CY24A**	**CY25E**	**CY26E**	**CY27E**	**CY28E**
Cash (US$m)	22	253	363	462	664
Acc rec., inv, prepaid (US$m)	2	91	94	96	101
PP&E + other (US$m)	67	1,412	1,610	1,748	1,826
Total assets (US$m)	**91**	**1,755**	**2,067**	**2,306**	**2,591**
Debt & Leases (US$m)	1	1	1	1	1
Accounts payable (US$m)	6	38	38	40	41
NSR, Deferred con / other (US$r	1	1,066	1,066	1,028	991
Total liabilities (US$m)	8	1,105	1,105	1,069	1,032
Issued capital (US$m)	208	634	642	650	658
Retained earnings (US$m)	(125)	17	321	587	902
Liabilities + equity (US$m)	**91**	**1,756**	**2,067**	**2,306**	**2,591**

DISCLOSURES & DISCLAIMERS

This research report (as defined under CIRO Rule 3600, Part B) is issued and approved for distribution in Canada by SCP Resource Finance LP ("SCP"), an investment dealer who is a member of The Canadian Investment Regulatory Organization ("CIRO") and the Canadian Investor Protection Fund ("CIPF"). This research report is provided to retail clients and institutional investors for information purposes only. The opinions expressed in this report are the opinions of the author and readers should not assume they reflect the opinions or recommendations of SCP's research department. The information in this report is drawn from sources believed to be reliable but the accuracy or completeness of the information is not guaranteed, nor in providing it does SCP or persons assume any responsibility or liability whatsoever. This report is not to be construed as an offer to sell or a solicitation of an offer to buy any securities. SCP accepts no liability whatsoever for any loss arising from any use or reliance on this research report or the information contained herein. Past performance is not a guarantee of future results, and no representation or warranty, expressed or implied, is made regarding future performance of any security mentioned in this research report. The price of the securities mentioned in this research report and the income they generate may fluctuate and/or be adversely affected by market factors or exchange rates, and investors may realize losses on investments in such securities, including the loss of investment principal. Furthermore, the securities discussed in this research report may not be liquid investments, may have a high level of volatility or may be subject to additional and special risks associated with securities and investments in emerging markets and/or foreign countries that may give rise to substantial risk and are not suitable for all investors. SCP may participate in an underwriting of, have a position in, or make a market in, the securities mentioned herein, including options, futures or other derivatives instruments thereon, and may, as a principal or agent, buy or sell such products.

DISSEMINATION OF RESEARCH: SCP's research is distributed electronically through email or available in hard copy upon request. Research is disseminated concurrently to a pre-determined list of clients provided by SCP's Institutional Sales Representative and retail Investment Advisors. Should you wish to no longer receive electronic communications from us, please contact unsubscribe@scp-rf.com and indicate in the subject line your full name and/or corporate entity name and that you wish to unsubscribe from receiving research.

RESEARCH ANALYST CERTIFICATION: Each Research Analyst and/or Associate who is involved in the preparation of this research report hereby certifies that:

- The views and recommendations expressed herein accurately reflect his/her personal views about any and all of the securities or issuers that are the subject matter of this research report;
- His/her compensation is not and will not be directly related to the specific recommendations or view expressed by the Research analyst in this research report;
- They have not affected a trade in a security of any class of the issuer within the 30-day period prior to the publication of this research report;
- They have not distributed or discussed this Research Report to/with the issuer, investment banking group or any other third party except for the sole purpose of verifying factual information; and
- They are unaware of any other potential conflicts of interest.

UK RESIDENTS: SCP Partners UK Limited ("SCP UK") is an appointed representative of PillarFour Securities LLP which is authorized and regulated by the Financial Conduct Authority. This document has been approved under section 21(1) of the FMSA 2000 by PillarFour Securities LLP ("PillarFour") for communication only to eligible counterparties and professional clients as those terms are defined by the rules of the Financial Conduct Authority. Its contents are not directed at UK retail clients. PillarFour does not provide investment services to retail clients. PillarFour publishes this document as non-independent research which is a marketing communication under the Conduct of Business rules. It has not been prepared in accordance with the regulatory rules relating to independent research, nor is it subject to the prohibition on dealing ahead of the dissemination of investment research. It does not constitute a personal recommendation and does not constitute an offer or a solicitation to buy or sell any security. SCP UK and PillarFour consider this note to be an acceptable minor non-monetary benefit as defined by the FCA which may be received without charge. This is because the content is either considered to be commissioned by SCP UK's clients as part of their advisory services to them or is short term market commentary. Neither SCP UK nor PillarFour nor any of its directors, officers, employees or agents shall have any liability, howsoever arising, for any error or incompleteness of fact or opinion in it or lack of care in its preparation or publication; provided that this shall not exclude liability to the extent that this is impermissible under the law relating to financial services. All statements and opinions are made as of the date on the face of this document and are not held out as applicable thereafter. This document is intended for distribution only in those jurisdictions where PillarFour is permitted to distribute its research.

IMPORTANT DISCLOSURES FOR U.S. PERSONS: This research report was prepared by SCP Resource Finance LP ("SCP"), a company authorized to engage in securities activities in Canada. SCP is not a registered broker/dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through Sprott Global Resource Investments Ltd. ("SGRIL"), a broker dealer in the United States registered with the Securities Exchange Commission ("SEC"), the Financial Industry Authority ("FINRA"), and a member of the Securities Investor Protection Corporation ("SIPC"). Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through SCP.

SGRIL accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to a U.S. person other than a major U.S. institutional investor. The analyst whose name appears in this research report is not licensed, registered, or qualified as a research analyst with FINRA and may not be an associated person of SGRIL and, therefore, may not be subject to applicable restrictions under FINRA Rule 2241 regarding communications by a research analyst with a subject company, public appearances by the research analyst, and trading securities held by a research analyst account. To make further inquiries related to this report, United States residents should contact their SGRIL representative.

ANALYST CERTIFICATION / REGULATION AC: The analyst and associate certify that the views expressed in this research report accurately reflect their personal views about the subject securities or issuers. In addition, the analyst and associate certify that no part of their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

SCP RESOURCE FINANCE EXPLANATION OF RECCOMENDATIONS: Should SCP issue research with recommendations, the research rating guidelines will be based on the following recommendations:

BUY: The stocks total returns are expected to be materially better than the overall market with higher return expectations needed for more risky securities markets

NEUTRAL: The stock's total returns are expected to be in line with the overall market

SELL: The stocks total returns are expected to be materially lower than the overall market

TENDER: The analyst recommends tendering shares to a formal tender offering

UNDER REVIEW: The stock will be placed under review when there is a significant material event with further information pending; and/or when the research analyst determines it is necessary to await adequate information that could potentially lead to a re-evaluation of the rating, target price or forecast; and/or when coverage of a particular security is transferred from one analyst to another to give the new analyst time to reconfirm the rating, target price or forecast.

NOT RATED (N/R): The stock is not currently rated

Research Disclosure		Response
1	SCP collectively beneficially owns 1% or more of any class of the issuer's equity securities[1]	NO
2	The analyst or any associate of the analyst responsible for the report or recommendation or any individual directly involved in the preparation of the report holds or is short any of the issuer's securities directly or through derivatives	NO
3	An SCP partner, director, officer or analyst involved in the preparation of a report on the issuer, has during the preceding 12 months provided services to the issuer for remuneration other than normal course investment advisory or trading execution services	NO
4	SCP has provided investment banking services for the issuer during the 12 months preceding the date of issuance of the research report or recommendation	YES
5	Name of any director, officer, employee or agent of SCP who is an officer, director or employee of the issuer, or who serves in an advisory capacity to the issuer	NO
6	SCP is making a market in an equity or equity related security of the issuer	NO
7	The analyst preparing this report received compensation based upon SCP's investment banking revenue for the issuer	NO
8	The analyst has conducted a site visit and has viewed a major facility or operation of the issuer	YES
9	The analyst has been reimbursed for travel expenses for a site visit by the issuer	NO

SCP Resource Finance Equity Research Ratings:

Summary of Recommendations as of November 2025	
BUY:	56
HOLD:	0
SELL:	0
UNDER REVIEW:	0
TENDER:	0
NOT RATED:	0
TOTAL	56

[1] As at the end of the month immediately preceding the date of issuance of the research report or the end of the second most recent month if the issue date is less than 10 calendar days after the end of the most recent month