

Vizsla Silver Corp. (VZLA)
Rating: Buy

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Special Meeting for Royalty Spinout; Drilling at Copala and La Luisa Continues to Impress; Reiterate Buy; PT Higher

Stock Data		6/17/2024
Price		\$1.65
Price Target		\$3.50
52-Week High		\$1.92
52-Week Low		\$0.94
Enterprise Value (M)		\$343.8
Market Cap (M)		\$382
Shares Outstanding (M)		231.7
3 Month Avg Volume		1,153,651
Short Interest (M)		1.12

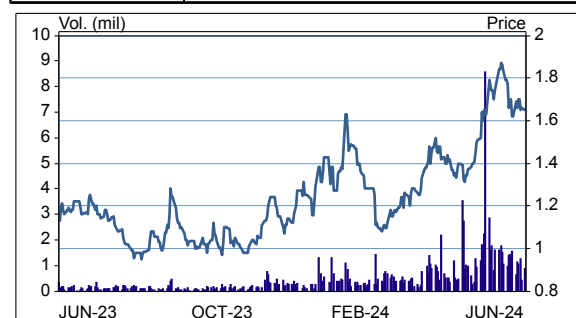
Shares Outstanding (M): Pro forma recent financing.

Balance Sheet Metrics		
Cash (M)		\$38.5
Total Debt (M)		\$0.0
Total Cash/Share		C\$0.17

Cash (M): Pro forma recent financing.

EPS (C\$) Diluted			
Full Year - Apr	2023A	2024E	2025E
FY	(0.08)	(0.08)	(0.08)

Revenue (C\$M)			
Full Year - Apr	2023A	2024E	2025E
FY	C\$0.0	C\$0.0	C\$0.0



Special meeting provides approval for royalty spinout. As expected, shareholders approved the spinout of Vizsla Royalties Corp. (VRC) at a special shareholders' meeting on June 17, 2024. Vizsla should now receive a final order from the Supreme Court of British Columbia, and closing of the transaction is likely to occur on or about June 24, 2024. Management currently expects a record date of June 21, 2024. We remind readers that owners of Vizsla's common shares on the record date are entitled to receive one-third of a common share of VRC and one-third of a common share purchase warrant of VRC for each Vizsla common share. Each VRC warrant then allows the holder to purchase one share of VRC at an exercise price of \$0.05 per share. This right is valid until 120 days after the date on which the VRC shares and warrants are listed on the TSX Venture Exchange, or December 31, 2025.

Drilling at Copala continues to impress. On June 12, 2024, Vizsla Silver Corp. announced the results of 12 new drill holes targeting the Copala resource area at its flagship Panuco silver-gold project. Notable highlights from this widely successful drilling program include hole CS-24-354, which returned 1,503 grams per tonne (gpt) silver equivalent (AgEq) over 13.00 meters true width (mTW) (1,017gpt silver and 8.19gpt gold), including an intercept of 6,229gpt AgEq over 1.40 mTW (4,124gpt silver and 35.11gpt gold) and 3,813gpt AgEq over 1.31 mTW (2,540gpt silver and 21.30gpt gold). In addition, hole CS-24-344 yielded 1,363gpt AgEq over 8.70 mTW (1,096gpt silver and 5.18gpt gold), including 10,516 AgEq over 0.66 mTW (8,720gpt silver and 36.60gpt gold). We also note hole CS-24-352, which returned 2,872gpt AgEq over 5.00 mTW (1,378gpt silver and 22.95gpt gold), including 4,681gpt AgEq over 2.75 mTW (2,115gpt silver and 39.10gpt gold). Lastly, hole CS-24-347 yielded 2,440gpt AgEq over 6.00 mTW (1,882gpt silver and 10.31gpt gold), including 4,957gpt AgEq over 2.39 mTW (3,859gpt silver and 20.51gpt gold). The drilling, which was designed to infill near-surface mineralization, was ultimately able to confirm high-grade continuity throughout Copala. We also believe that continued strength in Vizsla's drilling results is likely to significantly increase confidence in the potential economic impact of the Copala and Panuco projects.

La Luisa drill results. On May 8, 2024, Vizsla reported results from six new drill holes targeting the La Luisa Vein at Panuco. Drill highlights include hole NP-24-430, which returned 788gpt AgEq over 1.30 mTW (682gpt silver, 2.07gpt gold, 0.17% lead and 0.23% zinc). In addition, hole NP-24-433 hit 1,038gpt AgEq over 0.75 mTW (827gpt silver, 2.78gpt gold, 0.57% lead and 1.80% zinc), including 338gpt AgEq over 2.00 mTW (102gpt silver, 2.94gpt gold, 0.17% lead and 1.08% zinc). Lastly, hole NP-24-438 returned 7,307gpt AgEq over 0.48 mTW (3,310gpt silver, 61.60gpt gold, 0.78% lead and 1.31% zinc), including 657gpt AgEq over 1.10 mTW (103gpt silver, 7.79gpt gold, 0.24% lead and 78% zinc). In short, we view recent drilling results from La Luisa to affirm continuity of high-grade mineralization at the site.

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We reiterate our Buy rating on Vizsla as we increase our PT to \$3.50 from \$3.25. Our increased PT can be attributed to our valuation for each silver equivalent ounce (SEO) increasing to C\$3.25/SEO from C\$2.80/SEO based on our estimated peer average at current market prices. We continue to derive our valuation for Copala through a dollar value per SEO delineated. We reach this value based on an average of enterprise values per ounce across comparable companies operating within Mexico in environments with similar geopolitical risk factors. In turn, we apply our new C\$3.25/SEO valuation to the company's Indicated resources. We then apply a 0.9x multiple on the aforementioned value of Indicated ounces for the company's Inferred resources, which values each ounce of Indicated ounces at C\$2.93. This yields a total asset value of \$746.1 million, or \$2.81 per share. Additionally, we add \$75.0M for Napoleon, \$25.0M for San Antonio, and \$15.0M for Tajitos. We utilize a fixed \$40.0M value for the greenfield targets at the site. Importantly, we believe that this figure appears to be increasingly conservative, given continued drilling across the asset. Finally, we account for Vizsla's \$38.5M (C\$52.8) in cash after its recent financing to reach our total firm NAV of \$939.6 million, which yields our rounded PT of \$3.50 per share.

Near-term catalysts. In the near term, we expect Vizsla's spinout of VRC to unlock shareholder value. In the longer-term, having the companies separate should allow investors to pick and choose a more direct investment across Vizsla's present asset base. Importantly, we expect Vizsla to deliver its Preliminary Economic Assessment (PEA) sometime in 2H24. In our view, this PEA should further improve the site's strong economic potential. In the meantime, management continues to successfully de-risk the site through additional drilling. Finally, we stress that Vizsla maintains a strong balance sheet with C\$52.8M in cash, cash equivalents, and short-term investments following a recent financing in February.

Risks. (1) Commodity price risk; (2) Operating and technical risk; (3) Political risk; and (4) Financing risk.

Vizsla Silver Corp.

Note: Figures below in 000's of U.S. dollars unless otherwise indicated.

Value of resources at Panuco	\$ 746,100	\$	2.81	per share	<i>valued at ~C\$3.25 per SEO (in line with current peer average)</i>
San Antonio	\$ 25,000				
Tajitos	\$ 15,000				
Napoleon	\$ 75,000				
Other exploration targets within Panuco	\$ 40,000	\$	0.15	per share	<i>Utilizing a 0.9x multiple towards Inferred resources.</i>
Plus cash & equivalents	\$ 38,454	\$	0.14	per share, pro forma for financing	
Less debt	\$ -	\$	-	per share	<i>as of 01/31/24</i>
Total current value	\$939,554	\$	3.54	per share	<i>CAD/USD 0.7286 as of 06/17/2024</i>
Common shares	231,726				<i>as of 01/31/2024 Pro forma for financing</i>
Options & Warrants	33,931				<i>as of 01/31/2024</i>
Fully diluted shares	265,657				<i>as of 01/31/2024</i>
Vizsla (VZLA) Share price	\$ 1.65			per share	<i>as pf 06/17/2024</i>
Vizsla Net Asset Value	\$ 3.54			per share	
Rounded (\$0.25) price target	\$ 3.50			per share	<i>52.9% discount to price target</i>

Comparable companies and associated EV/oz values.

Company Name	Ticker	S/O (M)	Market Price	Market Cap	Cash	Debt	Net Debt	EV	SEOs (M)	EV/oz
Silver Tiger	SLVR.V; not rated	365.1	\$ 0.22	\$ 80.3	\$ 21.0	\$ -	\$ (21.0)	\$ 59.3	\$ 79.2	0.75
Vizsla	VZLA.V; Buy	231.7	\$ 1.70	\$ 393.9	\$ 52.9	\$ -	\$ (52.9)	\$ 341.0	\$ 332.1	1.03
GoGold	GGD.TO; not rated	328.6	\$ 1.37	\$ 450.2	\$ 110.9	\$ -	\$ (110.9)	\$ 339.3	\$ 133.3	2.55
SilverCrest	SIL.TO; not rated	146.9	\$ 11.01	\$ 1,617.8	\$ 97.6	\$ -	\$ (97.6)	\$ 1,520.2	\$ 141.7	10.73
MAG Silver	MAG.TO; Buy	103.0	\$ 16.60	\$ 1,709.5	\$ 102.5	\$ -	\$ (102.5)	\$ 1,607.0	\$ 570.7	2.82
Aya Gold and Silver	AYA.TO; not rated	130.0	\$ 13.60	\$ 1,768.6	\$ 124.3	\$ -	\$ (124.3)	\$ 1,644.4	\$ 102.5	16.05
										Average 3.26
										Rounded Average 3.25

Source: H.C. Wainwright & Co. estimates.

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RETURN ASSESSMENT

Market Outperform (Buy): The common stock of the company is expected to outperform a passive index comprised of all the common stock of companies within the same sector.

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Related Companies Mentioned in this Report as of June/17/2024

Company	Ticker	H.C. Wainwright Rating	12 Month Price Target	Price	Market Cap
MAG Silver Corp	MAG	Buy	\$17.00	\$12.05	\$1243

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Distribution of Ratings Table as of June 17, 2024				
Ratings	Count	Percent	IB Service/Past 12 Months	
			Count	Percent
Buy	554	88.50%	133	24.01%
Neutral	65	10.38%	5	7.69%
Sell	1	0.16%	0	0.00%
Under Review	6	0.96%	1	16.67%

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