

DISCOVERY SILVER CORP.

ANNUAL INFORMATION FORM

For the Fiscal Year Ended December 31, 2022

Dated March 30, 2023

Discoverysilver

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Except for statements of historical fact, information contained, or incorporated by reference, herein constitutes “forward-looking information” and “forward-looking statements” within the meaning of applicable securities laws. Forward-looking information is often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “planned”, “expect”, “project”, “predict”, “potential”, “targeting”, “intends”, “believe”, and similar expressions, or describes a “goal”, or variation of such words and phrases or states that certain actions, events or results “may”, “should”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Statements relating to mineral resources are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the mineral resources described exist in the quantities predicted or estimated or that it will be commercially viable to produce any portion of such resources. Forward-looking statements and forward-looking information are not guarantees of future performance and are based upon a number of estimates and assumptions of management at the date the statements are made, including among other things, the future prices of gold, silver, lead, zinc, and other metals, the price of other commodities such as coal, fuel and electricity, currency exchange rates and interest rates; favourable operating conditions, political stability, timely receipt of governmental approvals, licenses, and permits (and renewals thereof); access to necessary financing; stability of labour markets and in market conditions in general; availability of equipment; the accuracy of mineral resource estimates, and of any metallurgical testing completed to date; estimates of costs and expenditures to complete our programs and goals; the speculative nature of mineral exploration and development in general; there being no significant disruptions affecting the development and operation of the project, including due to the pandemic of the novel coronavirus (COVID-19); exchange rate assumptions being approximately consistent with the assumptions in the report; the availability of certain consumables and services and the prices for power and other key supplies being approximately consistent with assumptions in the report; labour and materials costs being approximately consistent with assumptions in the report and assumptions made in mineral resource estimates, including, but not limited to, geological interpretation, grades, metal price assumptions, metallurgical and mining recovery rates, geotechnical and hydrogeological assumptions, capital and operating cost estimates, and general marketing, political, business and economic conditions. Many of these assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks and uncertainties, contingencies, and other factors that are not within the control of Discovery Silver Corp. (“**Discovery**” or the “**Corporation**”) and could thus cause actual performance, achievements, actions, events, results or conditions to be materially different from those projected in the forward-looking statements and forward-looking information.

Forward-looking information and forward-looking statements herein includes, but is not limited to: statements or information concerning the future financial or operating performance of Discovery and its business, operations, properties and condition, resource potential, including the potential quantity and/or grade of minerals, or the potential size of a mineralized zone, potential expansion of mineralization, the timing and results of future resource estimates, the timing of other exploration and development plans at Discovery’s mineral project interests, the amenability of mineralization to produce a saleable concentrate of sufficiently high enough grade and quality to be economic; changes in project parameters as plans continue to be refined; illustrative mine lives of the Corporation’s various mineral project interests, the proposed timing and amount of estimated future production, and the illustrative costs thereof; and with respect to the Cordero Project: statements regarding the results of the pre-feasibility study and the anticipated capital and operations costs, sustaining costs, internal rate of return, concession renewal, permitting of the Cordero Project, economic and scoping-level parameters of the Cordero Project, mineral resource estimates, the cost and timing of any development of the Cordero Project, the proposed mine plan and mining methods, dilution and mining recoveries, processing method and rates and production rates; projected metallurgical recovery rates, infrastructure requirements, capital, operating and sustaining cost estimates, the projected life of mine and other expected attributes of the project, the net present value (“**NPV**”), the Cordero Project location, the timing of the environmental assessment process, changes to the Cordero Project configuration that may be requested as a result of stakeholder or government input to the environmental assessment process, government regulations and permitting timelines, estimates of reclamation obligations, requirements for additional capital, environmental risks, general business and economic conditions. Such forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Discovery to be materially different from any future results, performance, or achievements expressed or implied.

Such factors include, among others: the timing and possible outcome of regulatory and permitting matters; the ability to obtain, maintain or renew the underlying licenses and permits in Mexico in accordance with the requirements of applicable mining, environmental, and other laws in Mexico; satisfaction of requirements relating to the submissions and successful defence of Environmental Impact Assessment reports (“EIA’s”); exploration, development, and operating risks, and risks associated with the early stage status of the Corporation’s mineral properties and the nature of exploration; could have a negative effect on the Corporation’s operations and valuation; discrepancies between actual and estimated mineral resources; possible variations of mineral grade or recovery rates; fluctuations in commodity prices and relative currency rates; volatility, changes, or disruptions in market conditions; government regulation of mining operations and changes in government legislation and regulation, including pursuant to the *Canadian Extractive Sector Transparency Measures Act* (Canada); foreign operations risks, political instability, hostilities, insurrection, or acts of war or terrorism (and the potential consequential capital and financial market reaction); reputational risks; potential dilution of Common Shares (as defined in this Annual Information Form (“AIF”)) voting power or earnings per share as a result of the exercise of warrants, RSUs, DSUs, or Options (all as defined in this AIF), future financings or future acquisitions financed by the issuance of equity; uncertainties associated with minority interests and joint venture operations; ability to satisfy contractual obligations and additional capital needs generally; reliance on a finite number of properties; contests over title to properties; availability of adequate infrastructure; costs and results derived from community relations activities; environmental risks and hazards; the cost, timing, and amount of estimated future capital, operating exploration, acquisition, development, and reclamation activities; limited operating history and no earnings; limits of insurance coverage and uninsurable risk; accidents, labour disputes, and other risks of the mining industry, including but not limited to environmental risks and hazards, pitwall failures, flooding, rock bursts, and other acts of God or natural disasters; unfavourable operating conditions; limitations on the use of community water sources; risks associated with the Corporation’s indemnified liabilities; pandemics including the novel coronavirus (COVID-19) (and the potential consequential governmental regulations and capital and financial market reaction); competitive conditions in the mineral exploration and mining businesses; the ability of the Corporation to retain its key management employees and the impact of shortages of skilled personnel and contractors; potential acquisitions and their integration with the Corporation’s current business; future sales of Common Shares by existing shareholders; influence of third party stakeholders; successful defence against existing, pending, or threatened litigation or other proceedings; conflicts of interest; the Corporation’s designation as a “passive foreign investment company”; the adequacy of the Corporation’s system of internal controls; credit and/or liquidity risks; cyber security risks; the interpretation and actual results of historic data associated with, and drill results from, those properties, and the reliance on technical information provided by third parties; changes in labour costs or other costs of exploration and development; failure of equipment or processes to operate as anticipated, completion of expenditure and other obligations under earn-in or option agreements to which the Corporation could be a party; judgement of management when exercising discretion in their use of proceeds from offerings of securities; those general business, economic, competitive, political, regulatory, and social uncertainties, disruptions or changes in the credit or securities markets and market fluctuations in prices for Discovery’s securities that may occur outside of management’s control; the Corporation’s history of net losses and negative operating cash flow; the Corporation’s major shareholder(s) having the ability to influence matters submitted to Discovery’s shareholders for approval; and the risks involved in the exploration, development, and mining business in general.

Although the Corporation has attempted to identify important factors that could cause actual performance, achievements, actions, events, results, or conditions to differ materially from those described in forward-looking statements or forward-looking information, there may be other factors that cause performance, achievements, actions, events, results, or conditions to differ from those anticipated, estimated, or intended. Further details relating to many of these factors is discussed in the section entitled “*Risk Factors*” in this AIF.

Forward-looking statements and forward-looking information contained herein are made as of the date of this AIF and the Corporation disclaims any obligation to update or revise any forward-looking statements or forward-looking information, whether as a result of new information, future events, or results or otherwise, except as required by applicable law. There can be no assurance that forward-looking statements or forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements or forward-looking information. All forward-looking statements and forward-looking information attributable to us is expressly qualified by these cautionary statements.

CAUTIONARY NOTE TO UNITED STATES INVESTORS CONCERNING ESTIMATES OF MEASURED, INDICATED, AND INFERRED RESOURCES

Information in this AIF, including any information incorporated by reference, and disclosure documents of Discovery that are filed with Canadian securities regulatory authorities concerning mineral properties have been prepared in accordance with the requirements of securities laws in effect in Canada, which differ from the requirements of United States securities laws.

Without limiting the foregoing, these documents use the terms “measured resources”, “indicated resources”, and “inferred resources”. Shareholders in the United States are advised that, while such terms are defined in and required by Canadian securities laws, the United States Securities and Exchange Commission (the “SEC”) does not recognize them. Under United States standards, mineralization may not be classified as a reserve unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. United States investors are cautioned not to assume that all or any part of measured or indicated resources will ever be converted into reserves. Further, inferred resources have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. It is reasonably expected that the majority of inferred mineral resources could be upgraded to indicated mineral resources with continued exploration; however, there is no certainty that these inferred mineral resources will be converted into mineral reserves, once economic considerations are applied. Under Canadian rules inferred mineral resources must not be included in the economic analysis, production schedules, or estimated mine life in publicly disclosed Pre-Feasibility or Feasibility Studies, or in the Life of Mine plans and cash flow models of developed mines. Inferred Mineral Resources can only be used in economic studies as provided under NI 43-101 (as defined below). Therefore, United States investors are also cautioned not to assume that all or any part of the inferred resources exist, or that they can be mined legally or economically. Disclosure of contained ounces is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report resources as in place tonnage and grade without reference to unit measures. Accordingly, information concerning descriptions of mineralization and resources contained in these documents may not be comparable to information made public by United States companies subject to the reporting and disclosure requirements of the SEC.

CAUTIONARY NOTE REGARDING FUTURE-ORIENTED FINANCIAL INFORMATION

This AIF also contains future-oriented financial information and outlook information (collectively, “FOFI”) about the Cordero Project. This information is subject to the same assumptions, risk factors, limitations, and qualifications as set forth below in the below paragraphs. FOFI contained in this AIF is made as of the date of this AIF and is being provided for the purpose of providing further information with respect to the Cordero Project. The Corporation disclaims any intention or obligation to update or revise any FOFI contained in this AIF, whether as a result of new information, future events, or otherwise, unless required pursuant to applicable law. Readers are cautioned that FOFI contained in this AIF should not be used for purposes other than for which it is disclosed herein.

FINANCIAL INFORMATION AND NON-GAAP MEASURES

Discovery has prepared its consolidated financial statements, incorporated herein by reference, in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. As a result, they may not be comparable to financial statements prepared in accordance with other financial reporting frameworks, including generally acceptable accounting principles used in the US (“GAAP”).

The Corporation has included certain non-GAAP performance measures as detailed below. In the mining industry, these are common performance measures but may not be comparable to similar measures presented by other issuers and the non-GAAP measures do not have any standardized meaning. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The Corporation calculated total cash costs per ounce by dividing the sum of operating costs, royalty costs, production taxes, refining and shipping costs, net of by-product silver credits, by payable ounces. While there is no standardized meaning of the measure across the industry, the Corporation believes that this measure is useful to external users in assessing operating performance.

The Corporation has provided an all-in sustaining costs performance measure that reflects all the expenditures that are required to produce an ounce of silver from operations. While there is no standardized meaning of the measure across the industry, the Corporation’s definition conforms to the all-in sustaining cost definition as set out by the World Gold Council in its guidance dated June 27, 2013. The Corporation believes that this measure is useful to external users in assessing operating performance and the Corporation’s ability to generate free cash flow from current operations. Subsequent amendments to the guidance have not materially affected the figures presented.

Free Cash Flow is a non-GAAP performance measure that is calculated as cash flows from operations net of cash flows invested in mineral property, plant, and equipment and exploration and evaluation assets. The Corporation believes that this measure is useful to the external users in assessing the Corporation’s ability to generate cash flows from its mineral projects.

PRELIMINARY NOTES

Throughout this Annual Information Form (“AIF”), Discovery Silver Corp. is referred to as “**Discovery**” or the “**Corporation**”. All information contained in this AIF is given as of December 31, 2022, unless otherwise stated.

Currency

All dollar amounts referenced, unless otherwise indicated, are expressed in Canadian dollars (“C\$”), the same currency that the Corporation uses in its consolidated financial statements as its reporting currency.

Certain Defined Terms

Throughout this AIF, the common shares in the capital of Discovery are referred to as “**Common Shares**”.

Measurements and frequently used abbreviations and acronyms

In this AIF, metric units are used with respect to the Corporation’s various mineral properties and operations. Conversion rates from imperial measures to metric units and from metric units to imperial measures are provided in Table 1 set out below:

**Table 1: Conversion Rates from Imperial Measures to Metric Units
and from Metric Units to Imperial Measures**

Imperial Measure	Metric Unit	Metric Unit	Imperial Measure
2.471 acres	1 hectare (“ha”)	0.4047 hectares	1 acre (“ac”)
3.281 feet	1 metre (“m”)	0.3048 metres	1 foot (“ft.”)
0.621 miles	1 kilometres (“km”)	1.609 kilometres	1 mile (“mi.”)
2.20 pounds	1 kilogram (“kg”)	0.454 kilograms	1 pound (“lb.”)
0.032 troy ounces	1 gram (“g”)	31.1 grams	1 troy ounce (“oz.”)

Measurements and amounts in this AIF have been rounded to the nearest two decimal places.

Financial Statements and Management Discussion and Analysis

This AIF should be read in conjunction with the audited consolidated financial statements of Discovery for the year ended December 31, 2022 (the “**Audited Financial Statements**”) and the accompanying management’s discussion and analysis (“**MD&A**”) for that year.

Unless otherwise indicated, financial information contained in this AIF is presented in accordance with IFRS. The Audited Financial Statements and accompanying MD&A documents are available at www.discoverysilver.com and on SEDAR at www.sedar.com.

Standard Resource and Reserve Reporting System

National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*, Companion Policy 43-101CP, and Form 43-101F1 (collectively, “**NI 43-101**”) are a set of rules developed by the Canadian Securities Administrators, which has established standards for all public disclosure an issuer makes of “scientific and technical information” concerning mineral projects (“**Technical Information**”). Unless otherwise indicated, all Technical Information, including resource estimates attributable to Discovery’s property interests contained in this AIF, and including any information contained in certain documents referenced in this AIF, has been prepared in accordance with NI 43-101, and those standards of the Canadian Institute of Mining, Metallurgy and Petroleum Standing Committee on Reserve Definitions.

The named individuals who supervised the preparation of the Technical Information contained in this AIF are qualified persons, as defined under NI 43-101 (each individually, a “**Qualified Person**”). Each such Qualified Person is an author of one of the technical reports that form the basis for the majority of the Technical Information reproduced in this AIF.

Material Property Interests

As at the date of this AIF, the Corporation holds an interest in one mineral property considered to be material within the meaning of applicable Canadian securities laws:

Project Name	Ownership entity	% Interest
Cordero	Minera Titán, S.A. de C.V.	100%

See discussion in this AIF under headings “*Intercorporate Relationships*” and “*Cordero Project*” for summaries of, and Technical Information for, the Cordero Project.

Technical Disclosure

Unless otherwise indicated, Discovery has prepared the Technical Information in this AIF based on information contained in the technical reports and news releases (collectively the “**Disclosure Documents**”) available under the Corporation’s issuer profile and the issuer profile of Levon Resources Ltd. (“**Levon**”), both available on SEDAR at www.sedar.com. The Disclosure Documents are each intended to be read as a whole, and sections should not be read or relied upon out of context. The Technical Information is subject to the assumptions and qualifications contained in the Disclosure Documents.

Each of the Disclosure Documents was prepared by or under the supervision of a Qualified Person. Readers are encouraged to review the full text of the Disclosure Documents which qualifies the Technical Information.

With the exception of the Cordero Project, any inferences disclosed in this AIF of potential quantity and grade at the Corporation’s exploration property interests are conceptual in nature, and there has been insufficient exploration to date to define a mineral resource. It is uncertain if further exploration will result in other targets at the Cordero Project, or any of the Corporation’s other mineral property interests, being delineated as a mineral resource.

Mineral resource estimates contained herein are only estimates and no assurance can be given that any particular level of recovery of minerals will be realized or that an identified resource will ever qualify as a commercially mineable or viable deposit which can be legally and economically exploited. In addition, the grade of mineralization ultimately mined may differ from the one indicated by drilling results and the difference may be material. The estimated resources described herein should not be interpreted as assurances of mine life or of the profitability of future operations. Readers are advised that mineral resources that are not mineral reserves do not have demonstrated economic viability.

Gernot Wober, P. Geo., the Corporation’s Vice President Exploration and a Qualified Person, has prepared and approved the Technical Information in this AIF. Mr. Wober has consented to the inclusion of the Technical Information in the form and context in which it appears in this AIF.

CORPORATE STRUCTURE

Name, Incorporation, and Registered Office

The Corporation was incorporated on October 10, 1986 as “R B Technologies Inc.” under the Company Act (British Columbia). On November 18, 1986, the Corporation’s name was changed to “Vertech Systems Corporation”, then on June 26, 1989, to “Vercan Investments Inc.”, then on January 26, 1998, to “Watersave Logic Corporation”, then on July 27, 2006, to “Abode Mortgage Holdings Corp.”, then on August 19, 2013, to “Ayubowan Capital Ltd.”

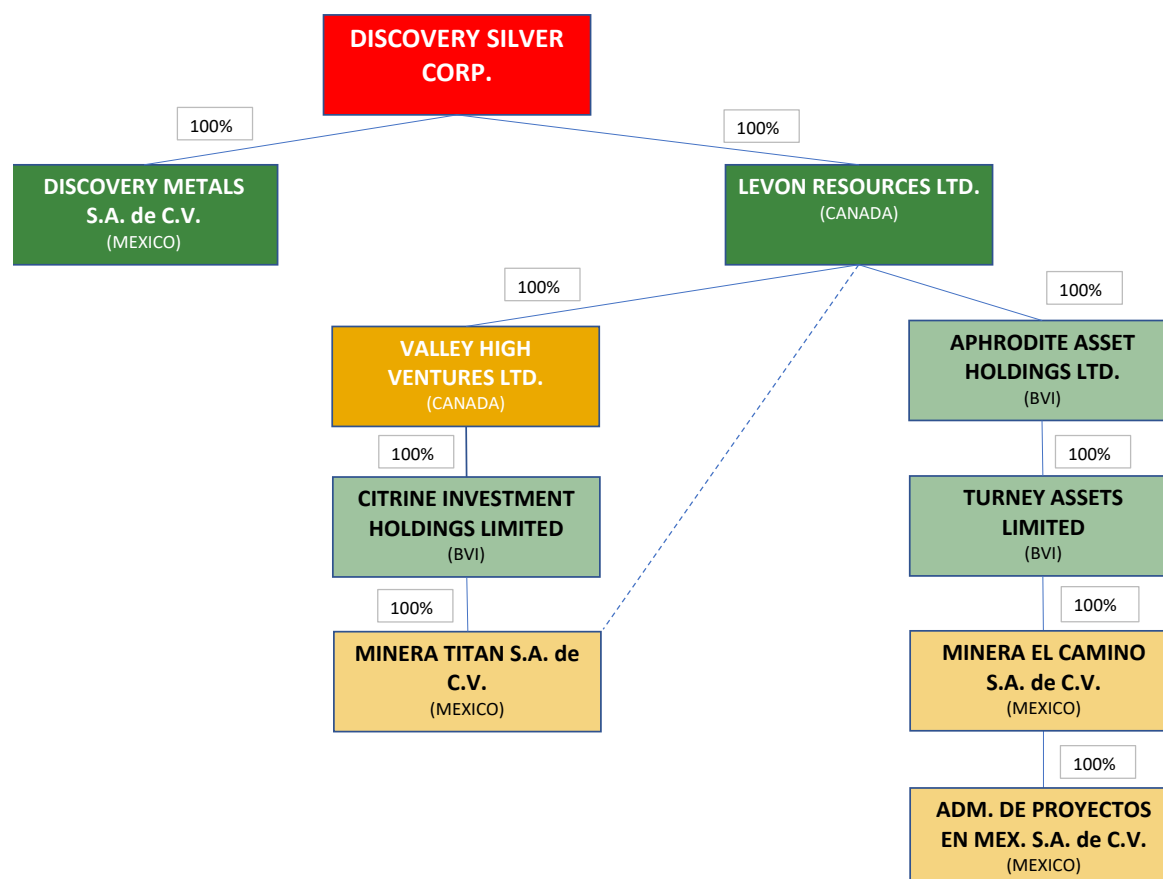
On June 13, 2017, the Corporation’s name was changed to “Discovery Metals Corp.”, and subsequently on April 13, 2021, to “Discovery Silver Corp.”, the Corporation exists pursuant to the *Business Corporations Act* (British Columbia). See “*General Development of the Business – Three Year History – 2021 Developments*” in this AIF for further details.

The principal place of business of the Corporation is located at 701-55 University Avenue, Toronto, Ontario, Canada. The registered office of the Corporation is 2200 HSBC Building, 885 West Georgia Street, Vancouver, British Columbia, Canada.

The Corporation also has offices in the Mexican cities of Chihuahua, Parral, and Hermosillo to support the Cordero Project.

Intercorporate Relationships

A significant portion of the Corporation’s business is carried on through its various subsidiaries. The following chart illustrates, as at the date of this AIF, the Corporation’s subsidiaries, including their respective places of incorporation and the percentage of voting securities in each that are held by the Corporation either directly or indirectly.



GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

2020 Developments

As a result of the SARS-CoV-2 coronavirus (“**COVID-19**”), on March 31, 2020, the Corporation temporarily suspended its exploration activities in Mexico. The Corporation resumed activities on June 19, 2020, once it was deemed safe for employees to resume work.

On April 9, 2020, the Corporation announced that it divested its 100% interest in a property located in British Columbia, Canada, comprised of 20 mineral claims, three mining leases, and eight crown grants totaling 2,675.50 ha (the “**Congress Property**”) to Talisker Resources Ltd. (“**Talisker**”). Under the terms of the purchase agreement, Talisker issued 1,000,000 of its common shares to the Corporation in return for 100% ownership of the Congress Property. The Congress Property was a non-core exploration property acquired by the Corporation as part of the acquisition of Levon on May 29, 2019, pursuant to a court-approved statutory plan of arrangement under the British Columbia *Business Corporations Act* (the “**Levon Transaction**”).

On May 29, 2020, and June 8, 2020, the Corporation closed tranches of a non-brokered private placement raising aggregate gross proceeds of \$25,000,000 through the issuance of 45,454,545 units at a price of C\$0.55 per unit, with each unit consisting of one Common Share and one half Common Share purchase warrant exercisable at C\$0.77 for two years after the date of issuance. On closing of the private placement, 2176423 Ontario Ltd. owned approximately 24.4% of the Common Shares, and Merian Gold and Silver Fund (a sub-fund of Merian Global Investors Series plc) owned approximately 13.3% of the Common Shares, each on an undiluted basis.

On August 7, 2020, the Corporation closed a non-brokered private placement raising aggregate gross proceeds of \$35,001,450 through the issuance of 25,927,000 units at a price of C\$1.35 per unit, with each unit consisting of one Common Share and one half Common Share purchase warrant exercisable at C\$1.75 for two years after the date of issuance. On closing of the private placement, 2176423 Ontario Ltd. owned approximately 26.4% of the Common Shares on an undiluted basis.

2021 Developments

On January 19, 2021, the Corporation announced its 2021 work program and budget for its Cordero Project.

On February 22, 2021, the Corporation announced that an aggregate of 31,140,000 common share purchase warrants were exercised, resulting in gross proceeds of approximately C\$31 million.

On March 12, 2021, the Corporation announced the appointment of Jennifer Wagner to the Board of Directors.

On April 9, 2021, the Corporation announced it changed its name from Discovery Metals Corp. to Discovery Silver Corp. to better align the Corporation with its silver-primary flagship project.

On May 12, 2021, the Corporation announced the appointment of various consultants for a Preliminary Economic Assessment (“**PEA**”) on the Cordero Project (as defined below), including Ausenco as lead consultant and principal author.

On September 27, 2021, the Corporation entered into an arm’s length assignment and assumption agreement with Monumental Gold Ltd. (“**Monumental**”) whereby the Corporation agreed to transfer and assign its rights and obligations under the option agreement on the Jemi Rare Earth Property (the “**Jemi Property**”) for consideration of 9.9% of the issued and outstanding common shares of Monumental on a non-diluted basis. In addition, subject to the exercise of the option to acquire the Jemi Property pursuant to the agreement with Monumental, the Corporation would retain a 1.5% net smelter returns royalty payable upon the commercial production of the Jemi Property.

On October 20, 2021, the Corporation released an updated Mineral Resource Estimate on the Cordero Project with 87% of the contained metal included in the Measured and Indicated category and totalling 910Moz AgEq and Inferred Resources of 140Moz AgEq. The NI 43-101 technical report in respect of this Mineral Resource Estimate on the Cordero Project was filed on December 6, 2021.

On November 2, 2021, the Corporation released its inaugural Environmental, Social and Governance (“ESG”) report.

On November 30, 2021 the Corporation reported its Preliminary Economic Assessment on the Cordero Project with an after-tax net present value of US\$1.2 billion, an internal rate of return of 38% and a payback period of two years. The NI 43-101 technical report in respect of this Preliminary Economic Assessment on the Cordero Project was filed on January 13, 2022.

2022 Developments

On January 13, 2022, the Corporation filed on SEDAR its NI 43-101 technical report titled “Preliminary Economic Assessment of the Cordero Silver Project Chihuahua State, Mexico, dated November 30, 2021” in respect of Discovery’s Cordero Project. The report was authored by Ausenco Engineering Canada Inc. with support from AGP Mining Consultants Inc. and Knight Piésold and Co. (USA).

On February 1, 2022, the Corporation announced its 2022 work program and budget for its Cordero Project.

On March 14, 2022, the Corporation announced the appointment of Anthony Esplin as Chief Operating Officer of the Corporation.

On April 12, 2022, the Corporation announced the appointment of Tony Makuch to the Corporation’s Board of Directors.

On June 6, 2022, the Corporation announced a leadership transition with Tony Makuch appointed as Interim Chief Executive Officer.

On June 9, 2022, the Corporation announced that an aggregate total of 22,727,267 Warrants and 804,545 Finder Warrants with an exercise price of \$0.77 per Common Share and \$0.55 per Common Share, respectively, were exercised prior to their expiry on May 29, 2022, and June 8, 2022, respectively, resulting in gross cash proceeds of approximately \$18 million over the exercise period.

On June 27, 2022, the Corporation announced the results of its Annual General Meeting held on June 24, 2022, noting in particular that Mark O’Dea did not stand for re-election.

On July 21, 2022, the Corporation announced the release of its 2021 ESG Report.

On August 2, 2022, the Corporation announced the filing of (i) an amended technical report titled “Preliminary Economic Assessment of the Cordero Silver Project Chihuahua State, Mexico”, dated July 27, 2022, originally dated November 30, 2021; and (ii) an updated 2021 Annual Information Form dated July 29, 2022.

On November 11, 2022 the Corporation announced the receipt of its official Socially Responsible Enterprise (Empresa Socialmente Responsable, or ESR) Distinction and provided other updates on its 2022 ESG initiatives.

Recent Developments

On January 12, 2023, the Corporation announced its 2023 work program and budget for the Cordero Project.

On January 23, 2023, the Corporation announced the appointment of Tony Makuch as Chief Executive Officer of the Corporation.

On January 24, 2023, the Corporation reported its Preliminary Feasibility Study on the Cordero Project with an after-tax net present value of US\$1.2 billion, an internal rate of return of 28%, and a payback period of approximately four years. The NI 43-101 technical report in respect of this Preliminary Feasibility Study on the Cordero Project was filed on February 10, 2023.

On February 2, 2023, the Corporation graduated to the Toronto Stock Exchange (the “TSX”) and delisted from the TSX Venture Exchange.

On February 13, 2023, the Corporation filed its NI 43-101 technical report titled “Cordero Silver Project – NI 43-101 Technical Report & Pre-Feasibility Study” with an effective date of January 20, 2023, in respect of the Cordero

Project. The report was authored by Ausenco Engineering Canada Inc. with support from AGP Mining Consultants Inc., Hard Rock Consulting, LLC, and Knight Piésold Ltd. (USA).

Significant Acquisitions

The Corporation did not complete any significant acquisitions during the financial year ended December 31, 2022.

DESCRIPTION OF THE BUSINESS

The Corporation is principally engaged in the acquisition and exploration of mineral properties, or interests in companies controlling mineral properties, which feature strong grades, meaningful size, and access to existing infrastructure in mining-friendly jurisdictions, primarily Mexico.

The Corporation's technical and management team are currently focused on advancing one project with strong exploration and production potential in northern Mexico: the Cordero project located in Chihuahua, Mexico (the "**Cordero Project**"), considered the Corporation's material property.

The Cordero Project

The Cordero Project is considered one of the world's largest undeveloped silver resources. The Cordero Project has all the attributes of a quality project: grade, scale, significant organic growth opportunities, and well located in mining-friendly Chihuahua state on a prolific silver belt. Since acquiring the Cordero Project in August 2019, Discovery's focus has been on defining the economic potential of the Cordero Project primarily through two extensive drill programs and two detailed metallurgical testwork programs.

A new Resource, incorporating geology and structure for the first time as well as data from more than 500 drill holes was filed on December 6, 2021 (effective October 20, 2021). This was followed by a new "Preliminary Economic Assessment of the Cordero Silver Project" (the "**PEA Report**"), focused on Cordero's high-grade resource and integrating new metallurgical testwork and engineering studies, that was filed on January 13, 2022, and amended and restated on July 27, 2022 (with an effective date of November 30, 2021), and by the "Cordero Silver Project: NI 43-101 Technical Report & Pre-feasibility Study (Chihuahua State, Mexico)" (the "**PFS**") with an effective date of January 20, 2023, published on February 10, 2023 (the "**PFS Report**"). For a summary of information from the PFS Report, see "The Cordero Project" below.

The most recent NI 43-101 technical report on the Cordero Project is the PFS Report. This AIF also references the NI 43-101 technical report entitled "Mineral Resource Update of the Cordero Silver Project (Chihuahua State, Mexico)" with an effective date of October 20, 2021, published on December 6, 2021 (the "**Cordero Mineral Resources Update**"). The PFS Report includes all material information about the Cordero Project. The PFS Report, the PEA Report, and the Cordero Mineral Resources Update are available on the Corporation's issuer profile on SEDAR at www.sedar.com or on the Corporation's website at www.discoverysilver.com.

For further details concerning the Cordero Project, please see "*Cordero Project*" in this AIF.

Expected Changes to the Business

Management of the Corporation does not expect any material changes to the business; however, as is typical of the mineral exploration and development industry, from time to time the Corporation reviews potential merger, acquisition, investment, divestiture, and joint venture transactions and opportunities that could enhance shareholder value.

Current scientific and technical information may change as a result of further exploration and development programs. Accordingly, readers of this AIF are urged to read the press releases issued by the Corporation as they become available on SEDAR at www.sedar.com for full and up-to-date information concerning the Corporation's business and its material exploration property interests.

Area of Interest and Limitations on the Business

In order to keep the claims in good standing at the Cordero Project, the Corporation was required to spend a minimum of approximately US\$3.5 million during 2022 and actually spent approximately US\$22.4 million during that year. The Corporation has met the annual work requirements on the Cordero Project.

Competitive Conditions

The Corporation's business is intensely competitive, and the Corporation competes with other exploration, development, and mining companies, many of which also have significant resources and experience. As described in this AIF under "*Risk Factors*", competition in the base metals mining industry is primarily for mineral rich properties which can be developed and operated economically and the capital of which can be used for the purpose of financing development of desired properties. In addition, this competition may impact the Corporation's ability to recruit or retain qualified employees with the technical expertise to find, develop, or operate such properties.

Specialized Skills and Knowledge

Successful exploration, development and operation of the Cordero Project will require access to personnel in a wide variety of disciplines, including engineers, geologists, geophysicists, drillers, managers, project managers, accounting, financial and administrative staff, and others. Management believes that the Corporation's access to the skills and experience needed for success is sufficient.

Employees and Directors

Discovery believes that its success is dependent on the performance of its management and key employees, many of whom have specialized knowledge and skills relating to the precious metals' exploration business. Discovery believes it has adequate personnel with the specialized skills required to successfully carry out its operations. As at December 31, 2022, the Corporation and its subsidiaries had 67 direct employees.

Key members of the Corporation's management team and board of directors have extensive experience, skills, and knowledge in exploration and development as well as running foreign business operations, including operations in Mexico and other Latin American countries.

Tony Makuch, the Chief Executive Officer of the Corporation, has over 35 years of mining industry experience and was most recently President, CEO and director of Kirkland Lake Gold Ltd. ("**Kirkland Lake**"), leading the transformation of the company with a share price increasing over 530% during his tenure. Prior to joining Kirkland Lake, Mr. Makuch was EVP and President of Canadian Operations of Tahoe Resources Inc. which operated mines in Canada and Latin America.

Andreas L'Abbé, the Chief Financial Officer of the Corporation, was previously the Director of Finance for Tahoe Resources Inc., which has multiple mineral operations in Latin America, and the Vice-President Finance for Timmins Gold Corp., which operated on multiple mineral properties in Mexico.

Tony Esplin, the Chief Operating Officer of the Corporation, has over a decade of experience in Latin America throughout his career.

Roman Solis, the Vice President, Mexico, is Mexican and his career of more than 20 years has focused on exploration, strategy, and planning in Mexico. He was previously Chief Geologist at Alio Gold Inc. based in Sonora, Mexico.

Gernot Wober, the Vice President of Exploration of the Corporation has more than 35 years' experience in the mining industry including substantial focus in Latin America in senior management positions.

Forbes Gemmell, the Vice President of Corporate Development of the Corporation has more than 15 years' experience in the mining industry across capital markets, exploration, project development and operations, including senior and executive management roles for Guyana Goldfields Inc. and Lago Dourado Minerals Ltd., companies with operations in Latin America.

Daniel Vickerman, a director of the Corporation, was previously the Chairman of Levon prior to its acquisition by the Corporation in 2019. Levon has owned the rights to the Cordero Project in Chihuahua, Mexico since 2011 (and

continues to hold those rights as a subsidiary of the Corporation), including during the tenure of Mr. Vickerman's leadership at Levon.

Murray John and Jeff Parr have been directors of the Corporation since 2017, and through the Corporation have experience with multiple mineral resource properties in Mexico. Murray John has additional significant experience in Mexico and Latin America through his current directorship roles with Prime Mining Corp. and Osisko Gold Royalties Ltd. while Mr. Parr serves as Vice Chair of Agnico Eagle Mines Limited, a company with global operations, including Mexico. Moira Smith has been a director since 2019 and has extensive experience throughout the Americas, including managing successful exploration programs in the USA, Panama, and Mexico. Jennifer Wagner has been a director since 2021 and has more than 15 years of experience in corporate securities law in the mining sector, having most recently been EVP, Corporate Affairs and Sustainability at Kirkland Lake.

The Corporation's executive and corporate senior management team is either fluent in both written and spoken Spanish, or has a working understanding of the language. In addition, the Corporation's senior management in Mexico all speak fluent English or have working understanding of English. Language is not considered a barrier to operations.

Health, Safety, and Environment

The Corporation places great emphasis on providing a safe and secure working environment for all of their employees and recognizes the importance of operating in a sustainable manner.

The Sustainability Committee of the Corporation's board of directors (the "**Board**") meets at least quarterly to review the Corporation's performance and compliance as related to such matters. Discovery has also adopted a Sustainability Charter, and has communicated the importance of working in a safe and secure working environment to all employees and significant contractors. Discovery has also adopted a Health, Safety, and Sustainability Policy to frame decisions of the Corporation's employees and contractors.

The Corporation believes awareness and communication of risks are critical steps in preventing accidents on each of the property interests operated by the Corporation. The Corporation requires:

- Mandatory orientation sessions for all site workers and visitors on the properties;
- Drill safety meetings at start-up of drill programs, weekly safety meetings while drill programs are underway, and safety meetings after any accidents/incidents; and
- The use of cell phones or "spot-devices" at all times for personnel in the field, including satellite phones when traveling to remote locations.

The Corporation had one lost-time incident during the year ended December 31, 2022. There has been one lost time incident from January 1, 2023, to the date of this AIF.

The Corporation is subject to federal, provincial, territorial, state, and local environmental laws and regulations. Management have put in place ongoing monitoring programs at the Corporation's properties and posts surety bonds, as required, in compliance with state and local closure, reclamation, and environmental obligations. The estimate for future reclamation and property closure costs (current and non-current) for the Corporation's projects at December 31, 2022, was \$nil. On April 9, 2020, the Corporation sold its interest in the Bralorne claims to Talisker Resources Ltd. and therefore, at December 31, 2022, no longer has any future reclamation obligation and property closure costs. See "*General Development of the Business – Three Year History – 2020 Developments*" above for further details.

There were no environmental incidents at any of the exploration properties at which the Corporation is the operator through the twelve months ended December 31, 2022, and up to the date of this AIF.

One of the more significant environmental risks associated with the Corporation's exploration projects relates to the handling of fuel and fuel storage systems. These risks are mitigated through the use of various spill protection equipment. Management have also developed emergency plans in the event that a significant spill does occur. The Corporation maintains Material Safety Data Sheets for substances where such is required and does not use anything in the drilling program other than standard additives, all generally benign, including bentonite, polymer, cement, soda ash, cellophane flakes, paper flakes, and (dish) detergent.

Discovery's projects are subject to periodic monitoring by government agencies with respect to environmental protection plans and practices, which must be detailed when applying for exploration permits.

Corporate Social Responsibility and ESG

Discovery works closely with the communities, including ejidos, in the state of Chihuahua in Mexico in order to engage stakeholders and build positive relationships based on transparency, trust, and shared benefits. Where possible, the Corporation hires locally for labour, earth works, geological services, water transport and piping supplies, camp services and supplies, infrastructure items such as trailers and storage sheds, vehicles, and health and safety supplies and training, and all supplies are sourced locally to the extent available. The Corporation has given presentations to the local communities, in order to explain the activities at the Cordero Project and has sponsored local events. As it relates to health and safety, the Corporation is constantly investigating ways to continue supporting employees, communities, and other stakeholders.

In addition, on July 21, 2022, the Corporation published its second annual ESG report (based on 2021 data) in English and Spanish outlining accomplishments to date and strategy going forward. Key highlights include:

- Over \$10.3 million in goods and services purchased from local Mexican businesses;
- Over \$4.9 million in salaries and benefits paid to local employees;
- Total workforce of 154 includes 67 employees and 87 contractors;
 - Employees: 85% Mexican nationals, 15% Canadian
 - Contractors: 99% Mexican nationals, 1% Canadian
 - Diversity: 28.4% women, 71.6% men
- Total GHG emissions of 1,733 tonnes of CO₂ equivalent;
- Total water consumed of 2,773 m³;
- Zero fatalities and a 1.18 total recordable injury frequency rate; and
- Zero reportable environmental incidents

The 2020 and 2021 ESG reports are available on the Corporation's website at discoverysilver.com. To the best of management's knowledge, the Corporation's activities in 2022 were, and continue to be, in compliance in all material respects with such environmental regulations applicable to its exploration activities. The Corporation has implemented various policies, including an environmental policy, a corporate social responsibility policy, and an occupational health and safety policy in which it accepts its corporate responsibility to practice environmental stewardship, community engagement and development, and provide a safe and healthy workplace for the Corporation's employees. The Corporation intends to release its 2022 ESG report in the second half of the year.

Foreign Operations

The Corporation's material property interests are located in Mexico, and as such the Corporation's operations are exposed to various levels of regulatory, economic, political and other risks and uncertainties. See *Foreign Operations Risk* under "Risk Factors" below.

Business Cycles

Mining is a cyclical industry and commodity prices fluctuate according to global economic trends and conditions. See "Risk Factors– Risk Related to the Cyclical Nature of the Mining Business" below.

RISK FACTORS

An investment in securities of the Corporation involves a significant degree of risk and must be considered highly speculative due to the nature of the Corporation's business and the present stage of exploration and development of its mineral property interests. There are a number of risks that may have a material and adverse impact on the future operating and financial performance of the Corporation and could cause the Corporation's operating and financial performance to differ materially from the estimates described in forward-looking statements related to the Corporation.

The risks set out below are not the only risks facing the Corporation. There are widespread risks associated with any form of business and specific risks associated with Discovery's business and its involvement in the mining industry, in particular the exploration and development of precious and base metals projects.

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits, which, though present, are insufficient in quantity or quality to return a profit from production. **Shareholders of the Corporation may lose their entire investment.**

In addition to the other information set forth elsewhere in this AIF, the following risk factors should be carefully reviewed by prospective investors. These risks may not be the only risks faced by Discovery. Risks and uncertainties not presently known by Discovery or which are presently considered immaterial may also adversely affect Discovery's business, properties, results of operations and/or condition (financial or otherwise). **If any of the following risks actually occur, the Corporation's business, financial condition, results, and prospects could be adversely affected.**

Additional risks and uncertainties not presently known to Discovery or those that are currently deemed immaterial may also impair the Corporation's business operations. If any such risks actually occur, the business, financial condition, and operating results of the Corporation could be materially harmed. All references to "**Discovery**" or the "**Corporation**" in this section entitled "*Risk Factors*" include Discovery and its subsidiaries, except where the context otherwise requires. Before making an investment decision, prospective investors should carefully consider the risks and uncertainties herein, as well as the other information contained in the Corporation's public filings.

Mexico is still considered to be an emerging market. Many of the Risk Factors identified in this AIF reflect risks and characteristics unique to operating in an emerging market.

Exploration, Development, and Operating Risks, and Risks Associated with the Early-Stage Status of the Corporation's Mineral Properties and the Nature of Exploration could Have a Negative Effect on the Corporation's Operations and Valuation

The Corporation's mineral property interests are of high risk and are considered to be speculative in nature. There is no certainty that the expenditures made by the Corporation towards the search for and evaluation of minerals with regard to its mineral property interests, or otherwise, will result in discoveries of commercial quantities of silver or other minerals.

In addition, the Corporation may expend substantial funds in exploring some of its properties only to abandon them and lose its entire expenditure on the properties if no commercial or economic quantities of minerals are found. Even if commercial quantities of minerals are discovered, the exploration properties might not be brought into a state of commercial production.

Finding mineral deposits is dependent on a number of factors, including the technical skill of exploration personnel involved. The commercial viability of a mineral deposit once discovered is also dependent on a number of factors, some of which are the particular attributes of the deposit, such as content of the deposit including harmful substances, size, grade, and proximity to infrastructure, as well as metal prices and the availability of power and water in sufficient supply to permit development. Most of these factors are beyond the control of the entity conducting such mineral exploration. Where expenditures on a property have not led to the discovery of mineral reserves, such incurred expenditures will generally not be recoverable. Furthermore, the exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate or even mitigate. While the discovery of a mineral-bearing structure may result in an increase in value for shareholders, few properties which are explored are ultimately developed into producing mines. Substantial expenditures are required to locate and establish mineral reserves through drilling, for development of metallurgical processes to extract the metal from the ore, and in the case of new properties, for construction of the mining and processing facilities and infrastructure at any site chosen for mining.

It is difficult to ensure that the exploration or development programs planned by the Corporation will result in a profitable commercial mining operation. Whether a silver or other precious or base metal or mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as quantity and quality of mineralization and proximity to infrastructure; mineral prices which are highly cyclical; and

government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection. Other factors include: the ability to hire and retain qualified people, the ability to obtain suitable machinery, equipment or labour, and the ability to obtain necessary services in jurisdictions in which the Corporation operates. Unfavourable changes to these and other factors have the potential to negatively affect the Corporation's operations and business.

In the exploration and development phases of a project, no absolute assurance can be given that any particular level of recovery of minerals will be realized or that any potential quantities and/or grade will ever qualify as a resource, or that any such resource will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited. In addition, if production is commenced, mineral reserves are finite and there can be no assurance that the Corporation will be able to locate additional reserves as its existing reserves are depleted.

Although there are initial mineral resource estimates defined for targets at the Cordero Project, it is uncertain if further exploration will result in additional targets at the Cordero Project, or others in the Corporation's portfolio being delineated as a mineral resource. Any reference to potential quantities and/or grade is conceptual in nature, as there has been insufficient exploration at these other projects to define any additional mineral resource and it is uncertain if further exploration will result in the determination of any mineral resource. The term "Reserve(s)" is only applicable to the Cordero Project. Quantities and/or grade described in this AIF for targets other than at the Cordero Project should not be interpreted as assurances of a potential resource or reserve, or of potential future mine life or of the profitability of future operations. Information concerning mineral resource/reserve estimates and the economic analysis thereof contained in the results of the pre-feasibility study reflect a prediction of the mineralization that would be encountered, and the results of mining, if a mineral deposit were developed and mined.

In general, mining operations involve a high degree of risk. The Corporation's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of silver, precious metals and other minerals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding, and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage, and possible legal liability. In addition, statements regarding the results of the pre-feasibility study and the anticipated capital and operating costs, sustaining costs, net present value, internal rate of return, payback period, process capacity, average annual metal production, average process recoveries, concession renewal, permitting of the Project, anticipated mining and processing methods, proposed pre-feasibility study production schedule and metal production profile, anticipated construction period, anticipated mine life, expected recoveries and grades, anticipated production rates, infrastructure, social and environmental impact studies, availability of labour, tax rates and commodity prices that would support development of the Cordero Project have inherent risk.

Risk Related to the Cyclical Nature of the Mining Business

The mining business and the marketability of the products that are produced are affected by worldwide economic cycles. At the present time, the demand for silver and other commodities in many countries is driving increased prices, but it is difficult to assess how long such demand may continue. Fluctuations in supply and demand in various regions throughout the world are common.

As the Corporation's mining and exploration business is in the exploration stage and as the Corporation does not carry on production activities, its ability to fund ongoing exploration is affected by the availability of financing which is, in turn, affected by the strength of the economy and other general economic factors.

Permitting and License Risks

In the ordinary course of business, Discovery will be required to obtain and renew governmental licenses or permits for the operation and expansion at each of its property interests; or for the development, construction, and commencement of mining at any of the Corporation's mineral resource properties. Obtaining or renewing the necessary governmental licenses or permits is a complex and time-consuming process involving numerous jurisdictions with public hearings and costly permitting and other legal undertakings.

In Mexico, as with many jurisdictions, there are various federal, state, and local laws governing land, power, and water use, the protection of the environment, development, occupational health and safety, waste disposal, and appropriate

handling of toxic substances. Such operations and exploration activities are also subject to substantial regulation under these laws by governmental agencies and require the Corporation to obtain permits from various governmental agencies.

Exploration generally requires one form of permit while development and production operations require additional permits. Each stage of a property's development can also require multiple permits. There can be no assurance that all permits which the Corporation may require for future exploration or possible future development will be obtainable at all or on reasonable terms. In addition, future changes in applicable laws or regulations could result in changes in legal requirements or in the terms of existing permits applicable to the Corporation or its properties. This could have a negative effect on the Corporation's exploration activities or the Corporation's ability to develop its properties.

The duration and success of the Corporation's efforts or those of its partners to obtain and renew licenses or permits are contingent upon many variables not within Discovery's control, including the interpretation of applicable requirements implemented by the particular licensing authority. The Corporation may not be able (and no assurances can be given with respect to its ability) to obtain or renew licenses or permits that are necessary to operations at Discovery's property interests, including, without limitation, an exploitation or operations license, or the cost to obtain or renew licenses or permits may exceed what Discovery believes can be recovered from its property interests if they are put into production. Any unexpected refusals of required licenses or permits or delays or costs associated with the licensing or permitting process could prevent or delay the development or impede the operation of a mine, which could adversely impact the Corporation's operations and profitability.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or other remedial actions.

The Corporation cannot be certain that it will receive the necessary permits and licenses at all, or on acceptable terms required to conduct further exploration and to develop its properties and bring them into production. The failure to obtain such permits or licenses, or delays in obtaining such permits or licenses, could increase the Corporation's costs and delay its activities, and could adversely affect the properties, business, or operations of the Corporation.

The number of government offices have been reduced and could result in delays in processing applications and issuing any licenses and permits. The Corporation currently has all necessary drill permits to complete planned work in 2023, however any future applications could be adversely impacted by potential delays.

Land Title

The acquisition of the right to explore and/or exploit mineral properties is a detailed and time-consuming process. Although the Corporation is satisfied it has taken reasonable measures to acquire unencumbered rights to explore its mineral property interests in Mexico, no assurance can be given that such claims are not subject to prior unregistered agreements or interests or to undetected or other claims or interests which could be material or adverse to the Corporation.

The Corporation's mineral properties at the Cordero Project in Mexico are primarily 26 contiguous mining claims that cover the entire mining district and total 34,908.7 hectares. The mineral rights at the Cordero Project have been secured by staking contiguous lode claims (concesiones mineras) and purchasing inlying claim parcels. The claims are 100% owned by Titán, a wholly-owned indirect subsidiary of Discovery. See "*Corporate Structure – Intercorporate Relationships*" and "*Cordero Project*" in this AIF.

Uncertainties also arise as related to such things as sufficiency of mineral discovery, proper posting and marking of boundaries and possible conflicts with other claims not determinable from descriptions of record. Since a substantial portion of all mineral exploration, development and mining in the United States now occurs on unpatented mining claims, this uncertainty is inherent in the mining industry.

The present status of the majority of the Corporation's unpatented mining claims located on public lands provides the Corporation with the exclusive right to mine and remove valuable minerals, such as precious and base metals. The Corporation is also allowed to use the surface of the land solely for purposes related to exploration, mining, and processing the mineral-bearing ores.

The Corporation may need to enter into negotiations with landowners and other groups in the local communities in Chihuahua and Coahuila in order to conduct future exploration and development work on the Cordero Project. There is no assurance that future discussions and negotiations will result in agreements with landowners and other local community groups in Mexico or if such agreements will be on terms acceptable to the Corporation so that the Corporation can continue to conduct exploration and development work on these properties.

Water Sources

Community water sources exist in the same regions as the Corporation's property interests in Mexico. The Corporation will have to ensure that exploration activities do not impact community water sources. In Mexico access to and availability of water near the Corporation's mineral property interests, including the Cordero Project, is often based on demonstrable need and use, and may require entering into lease or consumption agreements that may be very costly to the Corporation. Future operations may require that alternate water sources be provided to potentially affected communities. Restrictions or regulations imposed by government agencies or other changes in the regulatory environment may affect access to and availability of water, available uses of water, and the needs of the Cordero Project related to water consumption.

Infrastructure

Mining, processing, development, and exploration activities depend on the availability of adequate infrastructure. Reliable roads, bridges, power sources, fuel and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Corporation's operations, financial condition, and results of operations.

Community Relations and Social Risks

The Corporation's relationships with the communities in which it operates, and other stakeholders are critical to ensure the future success of its existing operations and the construction and development of its projects. There is an increasing level of public concern relating to the perceived effect of mining activities on the environment and on communities impacted by such activities. Publicity adverse to the Corporation, its operations or extractive industries generally, could have an adverse effect on the Corporation and may impact relationships with the communities in which the Corporation operates and other stakeholders. While the Corporation is committed to operating in a socially responsible manner, there can be no assurance that its efforts in this respect will mitigate this potential risk. Further, damage to the Corporation's reputation can be the result of the perceived or actual occurrence of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views in regard to the Corporation and its activities, whether true or not. While the Corporation strives to uphold and maintain a positive image and reputation, it does not ultimately have control over how it is perceived by others. Reputation loss may lead to increased challenges in developing, maintaining community relations and advancing its projects and decreased investor confidence, all of which may have a material adverse impact on the financial performance and growth of the Corporation. In addition, due to the location of the Corporation's operations, an increase in activity as well as publicity through social media could result in the Corporation being exposed to criminal activity.

Environmental Risks and Hazards

The Corporation currently has no known financial obligations relating to environmental protection. However, all phases of the Corporation's operations are subject to environmental regulation (including EIAs and permitting) in the jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation and international standards are evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors, and employees. There is no assurance that future changes in environmental regulation and standards, if any, will not adversely affect the Corporation's business, condition, or operations. Environmental hazards

may exist on the properties on which the Corporation holds interests which are unknown to the Corporation at present and which have been caused by previous or existing owners or operators of the properties.

The Corporation cannot give any assurances that breaches of environmental laws (whether inadvertent or not) or environmental pollution will not materially and adversely affect its financial condition. There is no assurance that any future changes to environmental regulation, if any, will not adversely affect Discovery.

The Corporation's Securities are Subject to Market Price Volatility

The market price of the Common Shares may be adversely affected by a variety of factors relating to Discovery's business, including fluctuations in the Corporation's operating and financial results, the results of any public announcements made by Discovery and the failure to meet analysts' expectations.

The market prices of securities of Discovery have experienced wide fluctuations which may not necessarily be related to the financial condition, operating performance, underlying asset values, or prospects of Discovery. Securities of small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, the price of silver and other commodities, and market perceptions of the attractiveness of particular industries. This volatility may adversely affect the market price of the Common Shares.

The price of the Corporation's public securities is also likely to be significantly affected by short-term changes in silver or other mineral prices. Other factors unrelated to the Corporation's performance that may have an effect on the price of the Common Shares include the following: (i) the extent of analytical coverage available to investors concerning the Corporation's business may be limited if investment banks with research capabilities do not follow and publish coverage of the Common Shares; (ii) lessening in trading volume and general market interest in the Corporation's securities may affect an investor's ability to trade significant numbers of Common Shares; (iii) the size of the Corporation's public float, and changes thereto, may limit the ability of some institutions to invest in the Common Shares; and (iv) a substantial decline in the price the Common Shares that persists for a significant period of time could cause the Common Shares to be delisted from the TSX or from any other exchange upon which the Common Shares may trade from time to time, further reducing market liquidity.

As a result of any of these factors, the market prices of the Common Shares at any given point in time may not accurately reflect the Corporation's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Corporation may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Current Economic Conditions

There are significant uncertainties regarding the prices of silver and other precious and base metals and minerals and the availability of financing for the purposes of mineral exploration and development. A reduction in the price of silver or other metals may prevent the Corporation's properties from being economically mined or result in the write-off of assets whose value is impaired as a result of lower metal prices. The price of metals may also have a significant influence on the market price of the Common Shares. The prices of silver and other metals are affected by numerous factors beyond the Corporation's control, such as the level of inflation, fluctuation of the United States dollar and foreign currencies, global and regional demand, and the political and economic conditions of major silver producing countries throughout the world. The future gold and silver prices are expected to continue to be impacted by the uncertainty surrounding expectations of the US Federal Reserve Bank's tapering of quantitative easing which has injected unprecedented levels of liquidity into capital markets over the last year and a half. During the second half of 2021, in 2022, and continuing into 2023, inflation has risen to its highest levels in over 30 years, interest rates remain at historic lows, which has maintained real interest rates as negative. As inflation has continued to remain high and has accelerated slightly, the increase in interest rates initiated in 2022 and that has continued into 2023, has not directly affected the prices of precious metals, however these have seen decreases recently. Additionally, the geopolitical fears fueled by the Russia-Ukraine conflict could have unpredictable effects on the market for silver and base metals. As a result of interrelated global economic factors, the Corporation may have difficulty raising debt or equity financing for the purposes of mineral exploration and development, and, if obtained, on terms favourable to the Corporation and/or without excessively diluting present shareholders of the Corporation.

In addition, any future pandemic or international conflict could have an adverse impact on global economic conditions, which may adversely impact the market price of the Common Shares, the Corporation's operations, its ability to raise debt or equity financing for the purposes of mineral exploration and development, and the operations of the Corporation's suppliers, contractors, and service providers.

Government Regulation

In addition to risks outlined in "*Permitting and License Risks*" above, the mineral exploration activities (as well as the potential for eventual mining, processing, and development activities) of the Corporation are subject to extensive laws and regulations governing prospecting, exploration, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, waste disposal, water use, land claims of local people, protection of historic and archaeological sites, mine development, protection of endangered and protected species, and other matters.

Government approvals, approval of local peoples, and permits are currently, and may in the future be required in connection with the Corporation's operations. To the extent such approvals are required and not obtained; the Corporation may be curtailed or prohibited from continuing its exploration or mining operations or from proceeding with planned exploration or development of mineral properties.

It is ultimately individuals who make interpretations and application of legislation and policy intended to benefit industry while providing protections to flora, fauna, and culturally significant areas. Accordingly, there is a risk that the Corporation and its business is impacted negatively by government regulation in ways that were not previously anticipated.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Regulators in Mexico have broad authority to shut down and/or levy fines against facilities that do not comply with regulations or standards.

The Corporation's mineral exploration activities in Mexico may be adversely affected in varying degrees by changing government regulations relating to the mining industry, including permitting, water rights, usage rights, or other material considerations which affect the Cordero Project, including shifts in political conditions that increase royalties payable or the costs related to the Corporation's activities or maintaining its properties. Current and future operations may also be affected in varying degrees by government regulations with respect to restrictions on production, price controls, government-imposed royalties, claim fees, export controls, income taxes, and expropriation of property, environmental legislation, and mine safety. There is furthermore the potential impact from a lack of application of regulations, leading to delays in permitting. The effect of these factors cannot be accurately predicted. Although the Corporation's exploration and development activities are currently carried out in material compliance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development.

Furthermore, any shift in political attitudes, or amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof are beyond the control of the Corporation and could have a substantial adverse impact on the Corporation.

Foreign Operations Risk

The majority of Discovery's operations and exploration activities are conducted outside of Canada and consequently may be affected in varying degrees by political stability and government regulations relating to foreign investment, taxation, social unrest, corporate activity, pandemics such as COVID-19, and other extractive related activities.

Discovery may also acquire or invest in additional properties located in less stable jurisdictions in the future and, as such, its operations are and may increasingly be exposed to various levels of political, economic and other risks and

uncertainties. These risks and uncertainties vary from country to country and include, but are not limited to: terrorism; hostage taking; repression; fluctuations in currency exchange rates; government imposed currency controls; high rates of inflation; labour unrest; the risks of war or civil unrest, whether within the geographic borders or in neighbouring countries; expropriation and nationalization; renegotiation or nullification of existing concessions, licenses, permits and contracts; illegal mining; changes in taxation policies; and changing political conditions, norms and governmental regulations, including those having to do with environmental requirements.

The relevant governments have granted permits, licenses, or concessions that enable Discovery to conduct operations or exploration and development activities. Notwithstanding these arrangements, our ability to conduct operations or exploration and development activities is subject to obtaining and/or renewing permits or concessions from all levels of government, and often from different ministries of government, changes in laws or government regulations, or shifts in political attitudes beyond our control.

Political instability may cause changes to existing governmental regulations affecting mineral exploration and mining activities and/or may have a material adverse effect on the Corporation's properties, business, and results of operations. Such changes, if any, in jurisdictions in which Discovery holds properties or assets may adversely affect its operations or potential profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on operations, income taxes, expropriation of property, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

In addition, in the event of a dispute arising from foreign operations, Discovery may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada. Discovery may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. It is not possible for Discovery to accurately predict such developments or changes in laws or policy or the extent to which any such developments or changes may have a material adverse effect on Discovery's properties, business, operations, or financial condition. The Corporation does not currently carry political risk insurance covering its investments. From time to time, management assesses the costs and benefits of obtaining and maintaining such insurance. There can be no assurance that, if obtained, political risk insurance would be available to Discovery, or that particular losses suffered with respect to the Corporation's foreign investments will be covered by any insurance that Discovery may obtain in the future. Any such losses could have an adverse impact on the Corporation's future cash flows, earnings, results of operations and financial condition.

Risks arising from Operations in Mexico

The Corporation's Mexican property interests and operations are subject to the political risks and uncertainties associated with investment in any emerging market. The Corporation's property interests located in Mexico are subject to Mexican federal and state laws and regulations. As a result, the Corporation's mining investments are subject to the risks normally associated with the conduct of business in emerging markets. Investors should assess the political risks of investing in an emerging market. Any variation from the current regulatory, economic, and political climate could have an adverse effect on the affairs of the Corporation.

In addition, the enforcement by the Corporation of its legal rights to exploit its properties may not be recognized by the government of Mexico or by its court system. Furthermore, the recent COVID-19 pandemic restricted mobility to certain markets, including in Mexico and therefore any future pandemics could result in the same or additional restrictions. These risks may limit or disrupt the Corporation's operations, restrict the movement of funds and people or result in the deprivation of contractual rights or the taking of property by nationalization or expropriation without fair compensation.

The Corporation cannot assure investors that changes in the Mexican federal government policies will not adversely affect the Corporation's business, financial condition, and results of operations. In particular, tax legislation in Mexico is subject to continuous change, and there are no assurances that the Mexican government will maintain existing political, social, economic or other policies or that such changes would not have a material adverse effect on our business, financial condition, results of operations and prospects.

Investors and credit rating agencies may be cautious about the president's political party administration's policies, which could contribute to a decrease in the Mexican economy's resilience in the event of a global economic downturn. Similar measures could be taken in the future, which could have a negative effect on Mexico's economy.

In addition, Mexico is currently experiencing high levels of violence and crime due to the activities of organized crime, particularly in the northern states that border the United States. In response, the Mexican government has implemented various measures to increase security and has strengthened its police and military forces. Despite these efforts, organized crime (especially drug-related crime) continues to exist and operate in Mexico. The lack of security and safety in Mexico is likely to worsen if and as the economy continues to deteriorate. These activities, their possible escalation and the violence associated with them have had, and may continue to have, a negative impact on the Mexican economy and, consequently, on our results of operations. The presence of violence among drug cartels, and between the cartels and Mexican law enforcement and armed forces, or an increase in other types of violent crime, pose a risk to our business, and might negatively impact business continuity.

Health and Safety

The Corporation faces risks related to health epidemics and other outbreaks of communicable diseases, which could significantly disrupt its operations and may materially and adversely affect its business and financial conditions.

The Corporation's business could be adversely impacted by the effects of a virus outbreak or other epidemics. The extent to which epidemics impact the Corporation's business, including its operations and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of outbreaks and the actions taken by each country's respective government to contain or treat outbreaks. In particular, the spread of a virus globally could materially and adversely impact the Corporation's operating activities including but not limited to: employee health, workforce productivity, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, restrictions to its drill program and/or the timing to process drill and other metallurgical testing, and other factors that will depend on future developments beyond the Corporation's control, which may have a material and adverse effect on the its business, financial condition, and results of operations.

There can be no assurance that the Corporation's personnel will not be impacted by these pandemic diseases and ultimately see its workforce productivity reduced or incur increased medical costs / insurance premiums as a result of these health risks.

In addition, a significant outbreak of coronavirus could result in a widespread global health crisis that could adversely affect global economies and financial markets resulting in an economic downturn that could have an adverse effect on the demand for precious metals and the Corporation's future prospects.

Climate Change

The Corporation operates in jurisdictions where regulatory requirements have taken effect to monitor, report and/or reduce greenhouse gas ("GHG") emissions. Increasing regulation and regulatory uncertainty regarding GHG emissions and climate change issues may adversely affect the Corporation's operations. While the costs to comply with future regulatory requirements are difficult to predict, such costs are not expected to have a material adverse effect on the Corporation's operations. However, future regulatory amendments may have unexpected effects on the Corporation and may result in material adverse effects on the Corporation's financial performance and operations. Mexico is a party to the Paris Agreement (ratified in 2016) and has enacted climate change legislation with a GHG emissions reduction target of 25% (unconditional) to 40% (conditional) from 2013 levels by 2030. By doing so, they have also committed to work towards limiting the global average temperature rise to below 2 degrees Celsius.

The potential physical impacts of climate change on the Corporation's operations are highly uncertain and may be particular to the unique geographic circumstances associated with each of its operations. These may include extreme weather events, changes in rainfall patterns, water shortages, energy disruptions and changing temperatures. There may also be supply chain implications in getting supplies to the Corporation's operations, including transportation issues. In addition, global efforts to transition to a lower-carbon economy may entail extensive policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, focus and jurisdiction of these changes, transition risks may pose varying levels of financial and reputational risk to the Corporation.

Commodity Price Risks

The price of the Common Shares, the Corporation's financial results and exploration, and development and mining activities may in the future be significantly and adversely affected by declines in the price of silver or other minerals. The price of silver or other minerals fluctuates widely and is affected by numerous factors beyond the Corporation's control, including but not limited to the sale or purchase of commodities by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar, the Mexican peso, and other foreign currencies, global and regional supply and demand, the political and economic conditions of major mineral-producing countries throughout the world, and the cost of substitutes, inventory levels and carrying charges. Future price declines in the market value of silver or other minerals could cause continued development of and commercial production from the Corporation's properties to be impracticable. Depending on the price of silver and other minerals, cash flow from mining operations may not be sufficient and the Corporation could be forced to discontinue production and may lose its interest in, or may be forced to sell, some of its properties. Economic viability of future production from the Corporation's mining properties, if any, is dependent upon the prices of silver and other minerals being adequate to make the properties economic.

In addition to adversely affecting any resource estimates of the Corporation and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause delays or may interrupt operations until the reassessment can be completed.

Cybersecurity Risks

As the Corporation continues to increase its dependence on information technologies to conduct its operations, the risks associated with cyber security also increase. The Corporation relies on management information systems and computer control systems. Business and supply chain disruptions, plant and utility outages, and information technology system and network disruptions due to cyber-attacks could seriously harm its operations and materially adversely affect its operation results. Cybersecurity risks include attacks on information technology and infrastructure by hackers, damage, or loss of information due to viruses, the unintended disclosure of confidential information, the issue or loss of control over computer control systems, and breaches due to employee error. The Corporation's exposure to cyber security risks includes exposure through third parties on whose systems it places significant reliance for the conduct of its business. The Corporation has implemented security procedures and measures in order to protect its systems and information from being vulnerable to cyber-attacks. The Corporation believes these measures and procedures are appropriate. To date, it has not experienced any material impact from cyber security events. However, it may not have the resources or technical sophistication to anticipate, prevent, or recover from rapidly evolving types of cyber-attacks. Compromises to its information and control systems could have severe financial and other business implications.

Reputational Risk

Reputational risk is the potential that adverse publicity, whether true or not, will or may cause a decline in financial results, liquidity, share price, social license to operate, or shareholder base due to its impact on the Corporation's image. Reputational risk is inherent in virtually all of the Corporation's business transactions, even when the transaction or activity is fully compliant with legal and regulatory requirements. Reputational risk cannot be managed in isolation, as it often arises as a result of operational, regulatory and other risks inherent to the business. For these reasons, Discovery's framework for reputational risk management is integrated into all other areas of risk management and is a key component of the codes of business conduct and ethics of which the Corporation's personnel are expected to observe. Discovery places a high emphasis on safeguarding the Corporation's reputation, as once compromised, it can be difficult to restore.

Additional Capital and Potential Dilution to Common Shares

Discovery's articles of incorporation allow the Corporation to issue an unlimited number of Common Shares for such consideration and on such terms and conditions as shall be established by the Board, in many cases, without the approval of the shareholders.

As at the date of this AIF, there are 352,350,230 Common Shares issued and outstanding. The increase in the number of Common Shares issued and outstanding through further issuances (including those arising from the exercise of dilutive securities) may have a depressive effect on the price of the Common Shares and will dilute the voting power of the Corporation's existing shareholders.

While as at the date of this AIF the Corporation has sufficient treasury to fund the current exploration program and budget, the further exploration and development of the Corporation's properties will require substantial additional financing. Failure to obtain sufficient financing may result in the delay or indefinite postponement of exploration, development, or production on any or all of the Corporation's properties or even a loss of property interest. In particular, if the Corporation acquires additional mineral properties which necessitate exploration expenditures, the Corporation may not have sufficient funds to finance such operations. The primary source of funding available to the Corporation consists of equity financing. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Corporation. In addition, any future financing may be dilutive to existing shareholders of the Corporation.

In addition, the Corporation has issued potentially dilutive securities in the form of incentive stock options to purchase Common Shares (the "**Options**") pursuant to Discovery's Stock Option Plan (2022). The Corporation has other long-term incentive plans, most recently approved by shareholders on June 24, 2022, for which 2,989,965 RSUs (defined below) and 1,080,025 DSUs (defined below) have been issued. See "*Prior Sales – Non-Trading Securities – Options*" in this AIF for information on numbers of Options exercisable, and see "*Prior Sales – Non-Trading Securities – Restricted Share Units and Deferred Share Units*" in this AIF for information on the issued RSUs and DSUs.

The Corporation may issue additional Common Shares in future offerings (including through the sale of securities convertible into or exchangeable for Common Shares), and on the exercise or conversion of RSUs, DSUs, Warrants, and Options. The Corporation may also issue Common Shares or dilutive securities to finance future acquisitions and other projects. Discovery cannot predict the size of future issuances of Common Shares or dilutive securities, or the effect that future issuances and sales of Common Shares or dilutive securities will have on the market price of the Common Shares.

Issuances of a substantial number of additional Common Shares or dilutive securities, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Common Shares. With any additional issuance of Common Shares, investors will suffer dilution to their voting power and Discovery may experience dilution in the Corporation's earnings per Common Share.

Subsidiaries

The Corporation owns 100% interest in the Cordero Project through 100% ownership of the Corporation's indirect subsidiary, Minera Titán S.A. de C.V. ("**Titán**"). See "*Corporate Structure – Intercorporate Relationships*" and "*Cordero Project*" in this AIF.

Accordingly, the Corporation is subject to the typical risks associated with contractual agreements. In addition, any limitation on the transfer of cash or other assets between the Corporation and its subsidiaries, or among such entities, could restrict the Corporation's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on the Corporation's value and stock price.

Risks Associated with a Lack of Funding to Satisfy Contractual Obligations

The Corporation may, in the future, be unable to meet its share of costs incurred under agreements to which it is a party. The Corporation may have its property interests subject to such agreements reduced as a result or even face termination of such agreements. The Corporation is required to incur expenditures on the Cordero Project totaling approximately USD\$3.5 million per year.

Credit and Liquidity Risk

Credit risk arises from cash and cash equivalents held with banks and financial institutions, as well as amounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. Liquidity risk arises through the excess of financial obligations due over available financial assets at any point in time. The

Corporation's objective in managing liquidity risk will be to maintain sufficient readily available cash reserves and credit in order to meet its liquidity requirements at any point in time. The total cost and planned timing of acquisitions and/or other development or construction projects is not currently determinable, and it is not currently known precisely when the Corporation will require external financing in future periods.

Discovery has no debt, and at the date of this AIF, has approximately C\$38.0 million in cash and short-term deposits, primarily held with large Canadian commercial banks. The existing financial resources of the Corporation are not sufficient to bring any of its projects into commercial production. The Corporation will need to obtain additional financing from external sources in order to fund the development of its properties and/or to engage in other strategic business opportunities. There is no assurance that the Corporation will be able to obtain such financing on favourable terms, or at all.

This risk of financial resources is further amplified by the recent COVID-19 pandemic, wars and other political turmoil which has had significant impact on global economies and financial markets. Should depressed market conditions continue in the medium to long-term, it may be more difficult for the Corporation to obtain required financing to complete its long-term objectives. Failure to obtain financing could result in delay or indefinite postponement of further exploration and development of the Corporation's properties.

History of Net Losses and Negative Operating Cash Flow

The Corporation generates no operating revenue from the exploration activities on its property interests and has negative cash flow from operating activities. Therefore, it is subject to many risks common to comparable companies, including under-capitalization, cash shortages and limitations with respect to personnel, financial, and other resources, as well as a lack of revenues. The Corporation anticipates that it will continue to have negative cash flow until such time that commercial production is achieved at a particular project. The Corporation has no sources of revenue and has significant cash requirements to meet its exploration commitments, administrative overhead, and maintain its mineral interests. The Corporation expects to continue to incur losses unless or until one or more of its properties enters into commercial production and generates sufficient revenue to fund continuing operations. The Corporation will need to raise sufficient funds in order to finance ongoing exploration, advance its projects, if warranted, to the feasibility stage, provide for capital costs of building mining facilities, and to provide for ongoing general and administrative expenses. There can be no assurance that the current work program will result in the discovery of commercial deposits or, ultimately, in profitable mining operations.

Reliance on a Limited Number of Properties

The Cordero Project is the only material property of the Corporation. As a result, unless (i) the Corporation acquires additional property interests, or (ii) another project, any adverse developments affecting any one of these properties could have a material adverse effect upon the Corporation and would materially and adversely affect the potential mineral resource production, profitability, financial performance and results of operations of the Corporation. While the Corporation may seek to acquire additional mineral properties that are consistent with its business objectives, or may at a future date designate any or all of its other interests in mineral properties as a material property, there can be no assurance that the Corporation will be able to identify suitable additional mineral properties or, if it does identify suitable properties, that it will have sufficient financial resources to acquire such properties or that such properties will be available on terms acceptable to the Corporation or at all.

Insurance and Uninsured Risks

The Corporation's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment, natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Corporation's properties or the properties of others, delays in the ability to undertake exploration, monetary losses, and possible legal liability.

Although the Corporation maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance will not cover all the potential risks associated with a mining company's operations. The Corporation does not carry political risk insurance. The Corporation may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be

adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Corporation or to other companies in the mining industry on acceptable terms. The Corporation might also become subject to liability for pollution or other hazards which it may not be insured against or which the Corporation may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Corporation to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Costs of Land Reclamation

It is difficult to determine the exact amounts which will be required to complete all land reclamation activities in connection with the Corporation's properties. Reclamation bonds and other forms of financial assurance represent only a portion of the total amount of money that will be spent on reclamation activities over the life of a mine. Accordingly, it may be necessary to revise planned expenditures and operating plans in order to fund reclamation activities. Such costs may have a material adverse impact upon the business, financial condition, and results of operations of the Corporation.

Pandemic and Global Health Risks

The extent to which a pandemic-causing virus could impact the Corporation's business, including its operations and the market for its securities, will depend on the severity and spread of the virus. Any future developments associated with a pandemic are highly uncertain and cannot be predicted, including the duration, severity, and scope of the outbreak and the actions taken to contain or treat the outbreak. In particular, any significant spread of a virus globally could materially and adversely impact the Corporation's business including without limitation, employee health, workforce productivity, potential obligations regarding flow-through shares, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, restrictions to its drill program and/or the timing to process drill and other metallurgical testing, and other factors that will depend on future developments beyond the Corporation's control, which may have a material and adverse effect on the Corporation's business, financial condition, and results of operations.

There can be no assurance that the Corporation's personnel will not be impacted by any such virus or outbreak. The Corporation may ultimately see its workforce productivity reduced and may incur increased medical costs and insurance premiums as a result of these health risks.

The Corporation will continually assess any ongoing impact that a pandemic has on its operations, including its exploration activities. Overall, the key risks related to exploration activities currently relate to (a) availability of drilling and assay services; (b) the procurement of goods and potential supply chain issues; and (c) impact to both site-based personnel and head office personnel.

In addition, any actual and threatened spread of a virus globally could continue to negatively impact global economies and financial markets, resulting in an economic downturn, affecting the trading price of the Corporation's Common Shares, and also adversely impact the Corporation's ability to raise capital. Any of these developments, and others, could have a material adverse effect on demand for precious and base metals and the Corporation's business.

Competitive Conditions

The mineral exploration and mining business is competitive in all phases of exploration, development, and production. The Corporation competes with a number of other entities in the search for and the acquisition of potentially productive mineral properties. In particular, there is a high degree of competition faced by the Corporation for desirable mining property interests, suitable prospects for drilling operations and necessary mining equipment, and many of these companies have greater financial resources, operational experience and/or more advanced properties than the Corporation. As a result of this competition, the majority of which is with companies with greater financial resources than the Corporation, the Corporation may be unable to acquire attractive properties in the future on terms it considers acceptable. The Corporation also competes with other resource companies, many of whom have greater financial resources and/or more advanced properties, in attracting equity and other capital necessary for the Corporation to advance the exploration and development of its mineral properties.

The ability of the Corporation to acquire additional properties depends on, among other things, its available working capital, its ability to explore and develop its existing properties, its ability to attract and retain highly skilled employees,

and on its ability to select, acquire and bring to production suitable properties or prospects for mineral exploration and development. Factors beyond the control of the Corporation may affect the marketability of minerals mined or discovered by the Corporation. Mineral prices have historically been subject to fluctuations and are affected by numerous factors beyond the control of the Corporation.

Specialized Skill and Knowledge

Various aspects of the Corporation's business require specialized skills and knowledge. Such skills and knowledge include the areas of permitting, geology, drilling, metallurgy, logistical planning, and implementation of exploration programs, as well as finance and accounting. The Corporation has found that it can locate and retain such employees and consultants and believes it will continue to be able to do so; however, no assurances can be made in that regard.

Acquisitions and Integration

From time to time, it can be expected that the Corporation will examine opportunities to acquire additional exploration and/or mining assets and businesses. Any acquisition that the Corporation may choose to complete may be of a significant size, may change the scale of the Corporation's business and operations, and may expose the Corporation to new geographic, political, operating, financial, and geological risks. The Corporation's success in its acquisition activities depends upon its ability to identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition, and integrate the acquired operations successfully with those of the Corporation. Any acquisitions would be accompanied by risks. If the Corporation chooses to raise debt capital to finance any such acquisitions, the Corporation's leverage will be increased. If the Corporation chooses to use equity as consideration for such acquisitions, existing shareholders may suffer dilution. Alternatively, the Corporation may choose to finance any such acquisitions with its existing resources. There can be no assurance that the Corporation would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

Future Sales of Common Shares by Existing Shareholders

Sales of a large number of Common Shares in the public markets, or the potential for such sales, could decrease the trading price of the Common Shares and could impair the Corporation's ability to raise capital through future sales of Common Shares.

Major Shareholder with Greater than 10% Holding

As at the date of this AIF, 2176423 Ontario Ltd., a company owned by Eric Sprott, owns in excess of 10% of the Common Shares, directly holding approximately 25.4% of the issued and outstanding Common Shares on an undiluted basis. 2176423 Ontario Ltd. is the Corporation's largest shareholder. As a result, 2176423 Ontario Ltd. may have the ability to influence the outcome of matters submitted to the Discovery shareholders for approval, which could include the election and removal of directors, amendments to Discovery's corporate governance documents, and business combinations. Discovery's interests and those of 2176423 Ontario Ltd. may at times conflict, and this conflict might be resolved against Discovery's interests. The concentration of approximately 25.4% of Discovery's issued and outstanding shares in the hands of one shareholder may discourage an unsolicited bid for the Common Shares, and this may adversely impact the value and trading price of the Common Shares. 2176423 Ontario Ltd.'s participation in, or failure to participate in any issuance of additional securities of Discovery may have a material impact on the value and trading price of the Common Shares.

Influence of Third-Party Stakeholders

Some of the lands in which Discovery holds an interest, or the exploration equipment and roads or other means of access which Discovery intends to utilize in carrying out its work programs or general business mandates, may be subject to interests or claims by third party individuals, groups, or companies. If such third parties assert any claims, Discovery's work programs may be delayed, even if such claims are without merit. Such delays may result in significant financial loss and loss of opportunity for Discovery.

Risk of Litigation

Discovery may become involved in disputes with third parties in the future that may result in litigation. The results of litigation cannot be predicted with certainty and defence and settlement costs of legal claims can be substantial, even

with respect to claims that have no merit. If Discovery is unable to resolve these disputes favourably or if the cost of the resolution is substantial, such events may materially and adversely affect its business and financial conditions.

Conflicts of Interest

Certain of the directors and officers of the Corporation also serve as directors and/or officers of other companies involved in natural resource exploration and development and consequently, there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers involving the Corporation should be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Corporation and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the BCBCA and other applicable laws.

Key Executives

The Corporation is dependent on the services and technical expertise of several key executives, including the directors of the Corporation and a small number of highly skilled and experienced executives and personnel. Due to the relatively small size of the Corporation, the loss of any of these individuals may adversely affect the Corporation's ability to attract and retain additional highly skilled employees and may impact its business and future operations.

This risk was further increased by the recent COVID-19 pandemic and could be increased by any potential future pandemic which could impact health and safety measures and therefore accessibility to key personnel who might no longer be working under normal conditions as a result of health and safety protocols or the temporary closure of non-essential services implemented by both Canadian and Mexican governments. This risk is partially mitigated by the availability of additional communication tools implemented by the Corporation. Although the Corporation has no identified cases of COVID-19 at site or at its corporate or regional offices, should any key personnel contract the virus or any other virus, the loss, temporary or otherwise, could have a material adverse effect on the Corporation's operations.

Internal Controls

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation. The Corporation has undertaken to put into place a system of internal controls appropriate for its size, and reflective of its level of operations in order to provide reasonable assurance that: (i) material information relating to the Corporation has been made known to them; and (ii) information required to be disclosed in the Corporation's filings is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Currency Rate Risks

The Corporation's functional currency is the Canadian dollar. At the date of this AIF, cash balances were held primarily in Canadian and US dollars. Foreign currency risk is the risk that the value of the Corporation's financial instruments denominated in foreign currencies will fluctuate due to changes in foreign exchange rates. Changes in the exchange rate between foreign currencies and the Canadian dollar could have a significant impact on the Corporation's financial position, results of operations, and cash flows. The Corporation does not currently use derivative instruments to reduce its exposure to foreign currency risk, however exchange rates are continually monitored for any significant changes. A portion of the Corporation's exploration expenses are paid in USD, and over the past two years the Corporation converted a portion of its CAD cash balances into USD to reduce its currency risk exposure related to the CAD.

The Corporation is mainly exposed to foreign currency risk on financial instruments (consisting of trade payables) denominated in USD and MXP.

There have been significant fluctuations in currency valuations during the period subsequent to December 31, 2022. There is no certainty that currency valuations will return to pre-pandemic or pre-war levels and as such could have a material adverse impact on the Corporation's operations.

Canada's Extractive Sector Transparency Measures Act

The Canadian *Extractive Sector Transparency Measures Act* (“ESTMA”), which became effective June 1, 2015, requires public disclosure of payments to governments by mining and oil and gas companies engaged in the commercial development of oil, gas and minerals who are either publicly listed in Canada or with business or assets in Canada. Mandatory annual reporting is required for extractive companies with respect to payments made to foreign and domestic governments at all levels, including entities established by two or more governments, including Indigenous groups. ESTMA requires reporting on the payments of any taxes, royalties, fees, production entitlements, bonuses, dividends, infrastructure improvement payments, and any other prescribed payment over \$100,000. Failure to report, false reporting or structuring payments to avoid reporting may result in fines of up to \$250,000 (which may be concurrent). Discovery commenced ESTMA reporting in 2018. If Discovery becomes subject to an enforcement action or in violation of ESTMA, this may result in significant penalties, fines and/or sanctions imposed on us resulting in a material adverse effect on our reputation.

Dividend Policy

No dividends on the Common Shares have been paid by the Corporation to date. Payment of any future dividends will be at the discretion of the Board after taking into account many factors, including the Corporation's operating results, financial condition and current and anticipated cash needs. At this time, the Corporation has no source of cash flow and anticipates using all available cash resources towards its stated business objectives and retaining all earnings, if any, to finance its business operations.

THE CORDERO PROJECT

As of the date of this AIF, the most recent NI 43-101 technical report on the Cordero Project is the PFS Report: the “*Cordero Silver Project – NI 43-101 Technical Report & Pre-Feasibility Study (Chihuahua State, Mexico)*”, effective January 20, 2023, addressed to the Corporation and authored by Independent Qualified Persons Tommaso Roberto Raponi (Ausenco Engineering Canada Inc.), Yaming Chen, Jonathan Cooper, and Scott Weston (Ausenco Sustainability Canada Inc.), Gordon Zurowski and Manuel Jessen (AGP Mining Consultants), Daniel Yang and Ken Embree (Knight Piésold Ltd.), and Richard Schwering and Jennifer J. (J.J.) Brown (Hard Rock Consulting, LLC). The PFS Report was filed with Canadian securities regulatory authorities on the Corporation's issuer profile on SEDAR at www.sedar.com.

The PFS Report is incorporated into this AIF by reference. The following is the executive summary extracted from the PFS Report. The following summary includes certain table and section references to the PFS Report as well as certain defined terms that are defined in the PFS Report. The information contained in this summary has been derived from the PFS Report, is subject to certain assumptions, qualifications, and procedures described in the PFS Report, and is qualified in its entirety by the full text of the PFS Report.

Executive Summary

Introduction

Discovery commissioned Ausenco Engineering Canada Inc. (“**Ausenco**”) to compile a Pre-Feasibility Study (PFS) for the Cordero Project. The PFS Report was prepared in accordance with the Canadian disclosure requirements of NI 43-101.

The responsibilities of the engineering companies who were contracted by Discovery to prepare this report are as follows:

- Ausenco managed and coordinated the work related to the report, supported Libertas Metallurgy Ltd. with the metallurgical test program, and developed PFS-level designs and cost estimates for the process plant, general site infrastructure, and performed economic analysis.
- AGP Mining Consultants Inc. designed the mine pit, produced the mine production schedule, and mine capital and operating costs. AGP also provided the design criteria and layout of the waste rock facility and the ore stockpile.

- Knight Piésold Ltd. (KP) completed geotechnical studies (both for open pit and site wide infrastructure) and developed the PFS-level design and cost estimates of the tailings storage facility. KP also completed a site wide water balance.
- Ausenco Sustainability Canada Inc conducted a review of the environmental studies completed by specialist Mexican consultant CIMA.

Discovery consolidated the metallurgical testwork performed by Levon, the 2021 PEA metallurgy program results, and in 2022 commissioned a new round of metallurgical studies to optimize the process flowsheet included in the PEA to test the variability by grade and rock type for recoveries and concentrate grade and quality. The blending of oxides with sulphides into flotation process was also tested during the PFS metallurgical program.

Discovery also formulated its own strategy for developing a mine at Cordero, one that envisions a phased approach. The first phase would focus on high-grade zones, followed by a second phase that expands into adjacent zones where the grades are generally lower but still moderate to high and the process plant capacity is doubled to keep up metal production. A moderately aggressive ore stockpiling strategy was utilized to enhance project economics by prioritising the higher grade metal for processing ahead of lower grade material.

The project has operated under an Environmental Protection Plan filed with the government that describes the reclamation procedures that will be required when exploration activities are completed. Environmental and social baseline studies have been completed for the project, and a study of surface and groundwater is currently underway.

Property Description, Location and Ownership

Cordero is a silver deposit owned by Discovery in northern Mexico, in the south of the state of Chihuahua, approximately 600 km from the border with the United States (see Figure 1-1). The project is accessed by vehicle 200 km southwest from Chihuahua City along State Highway 16 to the Parral turn-off to State Highway 24, then 150 km south on Highway 24 where an access road heads east for 10 km to the project site. The Cordero property consists of the 26 titled Mining Concessions totalling 34,909 contiguous hectares owned by Minera Titán S.V. de C.V. Mexico (“**Titán**”), a wholly-owned Mexican subsidiary of Discovery. Mining concessions are granted for 50 years and may be renewed for an additional 50 years. Concessions are granted on a mining lot that may comprise the area requested by the interested party. There are no limitations to the number of hectares for each mining lot.

The main obligations of the concessionaires are:

- to carry out exploration and exploitation works
- pay mining duties
- comply with safety and environmental protection regulations
- submit reports to the authorities and fulfill other obligations of lesser importance.

For the San Pedro concession, there is an agreement (the “Cordilleras Contract” in Figure 4-5) between Cordilleras and Titán that requires Titán to pay Cordilleras a 2% NSR royalty. Titán can assign the obligation of payment of the royalty to a third party by written notice sent to Cordilleras. If Cordilleras decides to sell its right to receive the royalty, Titán will have the right of first refusal on the same terms and conditions that Cordilleras offered to a third party.

For the Josefina, Berta, La Unidad II, and La Unidad mineral concessions there is an agreement (the “**Eloy Contract**” in Figure 4-5) between Titán and two concessionaires: Mr. Eloy Herrera Martínez and Cleotilde de la Rosa Ríos which requires Titán to pay a 1% NSR royalty to the concessionaires. If the concessionaires decide to sell their right to receive the royalty, Titán will have the right of first refusal on the same terms and conditions that the concessionaires offered to a third party.

The deposit lies in a region that has a long history of silver mining dating back to the 1600s. In the hills where the Cordero deposit lies, there are several small mines with rich silver veins that reach the surface. In the past two decades, the possibility of a large bulk mining target at depth at Cordero was explored and tested through drilling carried out by Levon. Since 2019, when Discovery acquired the project in a merger with Levon, drilling has continued, with a

focus on high-grade zones at depth, well below the reach of the small-scale historical mines, but within reach for a modern industrial open pit operation.

Figure 1-1: Location of the Cordero Project in Southern Chihuahua State, Mexico



Source: RedDot3D, 2021.

History

Historical records and anecdotal information indicate that the region around Cordero has supported mining activity since the early 17th century when the Spanish established Real de San José at what is now the town of Hidalgo del Parral (or simply, “**Parral**”). At Cordero, 35 shallow vertical shafts can still be found along with associated small prospect pits on outcrops of high-grade silver-lead-zinc veins. In shafts that remain accessible, small open stopes can be found at the bottom. The lack of commentary on production at Cordero by The Parral Silver Company, suggests that mining on the higher ground of Cordero remained small in scale and unorganized into the late 19th century. By the start of the 20th century, the American Smelting and Refining Company (“**Asarco**”) operated small mines on what is now the Cordero property, including La Luz, La Ceniza, and Josefina where they worked veins and breccias with high-grade sulphide mineralization. The lack of tailings around the old mill at La Luz, the largest of Asarco’s mines at Cordero, indicates that it was not operational for any significant length of time. In 2013, Titán consolidated claim ownership in the district, bringing unorganized artisanal mining at Cordero to an end. From the very earliest artisanal mining at Cordero, through to the past decade, a shallow water table has created difficulties with dewatering, making all the historical mines at Cordero necessarily shallow. Although three centuries of mining confirm that Cordero hosts abundant silver, lead, zinc, and gold, historical mines have drawn their production only from some of the near-surface resources. Deeper mineralization remains untouched by past production.

In 2000, Industrias Peñoles completed a review of the region for copper, molybdenum, and gold potential, and drilled a few short holes on the Sansón stock, and on the Valle Intrusive Complex. From 2006 to 2009, Valley High Ventures Ltd. (“**Valley High**”) owned the mineral concessions through their wholly owned subsidiary, Coro Minera. Valley High carried out surface exploration work, compiled the project’s first comprehensive database, and organized drill core that had been stored in several different secure locations. By 2009, Valley High had dropped half of its claim holdings and entered into a joint venture agreement with Levon. Beginning in 2009, Levon re-staked mineral concessions that had been dropped by Valley High and added adjoining mineral concessions. By 2011, Levon had met their vesting requirements for 100% of the property and bought out Valley High. In 2013, Levon added a significant addition to the package of mineral concessions with purchase of the Aida claim. In 2019, Levon merged with Discovery Metals Corp. In April 2021, Discovery Metals Corp., which changed its name to Discovery Silver Corp.,

held 100% ownership of the mineral rights that cover all the land needed for a large open pit that targets Cordero's bulk of mineralization at depth.

Exploration work completed by Valley High included geological mapping, rock sampling, gridded soil sampling, and trenching at the Sansón, La Ceniza, and the Cordero Main target areas. Historic drill core was re-logged and re-sampled, and the results recognized the potential for bulk tonnage targets on the property. Levon carried out reconnaissance mapping which confirmed the importance of three magmatic hydrothermal belts on the property. In 2009, 2010, and 2011, several different geophysical survey companies completed ground-based and airborne-based geophysical surveys over the Cordero Magmatic-Hydrothermal Belt including ground-based gravity and 3D induced polarization (IP) surveys over the Dos Mil Diez, Pozo de Plata, and Molino de Viento targets. The Cordero main intrusive complex, and La Ceniza Stock defined areas where the chargeability shows a strong multi-km long anomaly both within, and well outside the 2022 resource area to the northeast. In 2010, Aeroquest flew an airborne electromagnetic, magnetic, and radiometric survey over the main Cordero Magmatic-Hydrothermal belt. The aeromagnetic results defined a sizeable inferred buried intrusive center, north-northeast of the current resource area with an estimated depth of 3.0 km. The radiometric survey defined a high potassium anomaly centered over the 2022 resource pit as well as along the Cordero Magmatic-Hydrothermal Belt coincident with known exploration targets. In 2013, Levon completed a 3D IP survey over the La Perla target as well as a magnetotelluric (MT) survey over the Molino de Viento target.

Levon initiated the first significant drilling on the project starting in 2010 and continuing through 2017. Drilling by Levon totaled 133,620 m from 292 core drill holes. The drilling by Levon resulted in the initial definition of the bulk tonnage mineral resource at Cordero.

Evidence of past production at Cordero consists of 35 vertical shafts and approximately 104 mined-out stopes that reach to surface. The stopes vary between 1 and 2 meters in width and are characterized by oxides and sulphides of high-grade Ag-Pg-Zn ± Au veins and vein breccias, some of which outcrop on surface. Local workers and former small-scale underground miners that used to work in these stopes reported that most of the production involved directly shipping mineralized material that was hand sorted, shipped, and processed in Parral. The historical mines of La Luz, La Ceniza and Josefina show evidence of water pumping efforts and support the anecdotal knowledge that the Cordero Project area has abundant groundwater. Local workers have reported that most of the vertical workings are excavated to the water table located at an approximate depth of 50 to 80 m. No reliable records of historical mining have been encountered to date.

Levon filed a technical report on SEDAR that described a mineral resource estimate based on all data available through April 2014. The mineral resource estimate was prepared in accordance with the requirements of NI 43-101. The mineral resource was estimated using an inverse distance ID6 model constrained by an open pit shell. A silver equivalent grade was calculated for each block based on the metal grades, estimate of mill recovery for each metal, and the metal prices. Although the 2017 resource estimate was prepared in accordance with NI 43-101, no qualified person has done sufficient work to classify the historical estimate as current mineral resources and it has since been superseded by the Corporation's own mineral resource estimate provided in section 14 of the PFS. Discovery is not treating the historical estimate as current.

In 2018, Levon produced a PEA report with an effective date of March 1, 2018, that was prepared in accordance with NI 43-101. The 2018 mineral resource estimate was based on 263 drill holes (126,235 m of drilling) completed by the end of 2017. The mineral resource was estimated utilizing an inverse distance methodology and contemplated an open pit geometry based on a standard flotation mill with separate zinc and lead circuits, mill recoveries, operating costs for processing, G&A and mining. A silver equivalent grade was calculated for each block based on metal grades, estimate of mill recovery for each metal, and the metal prices. No qualified person has done sufficient work to classify the historical estimate as current mineral resources and Discovery is not treating the historical estimate as current mineral resources. The 2018 historical mineral resource estimate has been superseded by the Corporation's own mineral resource estimate provided in section 14 of the PFS Report.

Geology and Mineralization

Regionally, Cordero lies in an area where sedimentary rocks of the Eastern Basin and Range geological province meet the volcanic rocks of the Sierra Madre Occidental province. The tectonic and magmatic history of the Sierra Madre

Occidental (Tertiary Volcanic Province) is thought to extend into parts of eastern and southern Chihuahua as far south as Cordero where the landscape is dominated by Oligocene-Miocene basaltic-andesites, Oligocene ignimbrites, and Eocene volcanic and intrusive rocks (Ferrari et al., 2007). There are three major southwest to northeast magmatic-hydrothermal belts that crosscut the Cordero property subparallel to major transcurrent faults in the area. Other faults in the area include reverse, extensional and normal faults.

The focus of drilling in the current resource area in the past decade has been along the central Cordero magmatic-hydrothermal belt comprised of high-K felsic to intermediate igneous rocks and related breccias, locally forming resistant silicified structural domes bisected by a series of sub-parallel transcurrent structural corridors (e.g., Cordero, Parcionera, Josefina and Todos Santos). The Cordero fault corridor has uniquely been exploited by a unique sheeted dyke complex that can be followed for 3 km from Pozo de Plata in the southwest to La Boquilla in the northeast. Several NNW-trending reverse faults have severely deformed the sediments and at least two NW-trending normal faults (e.g., Mega and Southwest faults) have offset the sedimentary and igneous rock package down to the southwest in a stair-step fashion. Mineralization style and associated alteration changes from La Ceniza in the northeast where replacement skarn mineralization is prevalent to a breccia complex in the southwest at the Pozo de Plata breccia complex where gold grades are higher.

Metal tenor, alteration, mineralization-style and sedimentary facies change from the northeast at La Ceniza where the eastern contact of a large rhyodacite intrusion has formed a 0.5 km long contact metamorphic skarn/hornfels aureole hosting replacement-style Zn-Cu skarn mineralization locally cut by quartz-molybdenite-chalcopryrite-pyrite stockwork increasing to a depth of 1,174.1 m. Historical small-scale mining was focused on NE-trending Ag-Pb-Zn mineralized structural corridors comprised of vein, vein breccia, stockwork, and mill breccias that bisect the earlier intrusions and replacement skarn mineralization. At the Pozo de Plata breccia complex higher gold grades are associated with the interface between galena-pyrite in electrum. Favoured mineralization sites include a variety of breccias derived from differing mechanisms including contact breccia, intrusive breccia, mill breccia, mud breccia, fault breccia and sedimentary collapse breccia.

The precious and base metal mineralization is spatially associated with sulphide minerals such as pyrite, galena, sphalerite, and chalcopryrite. Weathering has created a near-surface oxide layer comprised of primarily jarosite and hematite, locally up to 40 m in thickness, where sulphide minerals are generally absent and precious metals including silver and gold are elevated in grade.

Cordero has characteristics of superimposed deposit types with likely differing emplacement ages. Much of it is similar to some extensional (E-type) intermediate sulphidation epithermal systems on the shoulder of a buried porphyry molybdenum system forming in extension rift-type settings. Parts of Cordero resembles some intrusion-related carbonate-hosted Pb-Zn (Ag, Cu, Au) deposits further north in Chihuahua State. In the northeast of the resource area Cordero is dominated by replacement-style Zn-Cu (sphalerite-chalcopryrite) \pm veinlets of Pb-Ag mineralization coincident with the contact metamorphic aureole at the La Ceniza Intrusive Complex in favourable protoliths like calcareous sandstone and fossiliferous limestone.

Exploration

Since it acquired the project through its acquisition of Levon in 2019, Discovery extended surface reconnaissance to cover other known exploration targets identified by geophysics along the same central trend of hydrothermally altered igneous rocks.

In 2019, Discovery commissioned Geotech to acquire VTEM airborne electromagnetics (AEM) over the entire Cordero property to map lithologies under cover. In 2022, Discovery commissioned Arrow Geosciences Pty Ltd. to reprocess all historical geophysical survey data collected by Levon. In 2022, Discovery commissioned Zonge International to collect induced polarization (IP) survey data over select target areas including Molino de Viento, Dos Mills Diez, Sansón and north La Perla across a major NW-trending extension fault. The reprocessed geophysics in conjunction with the geophysical data acquired by Discovery has indicate targets for continued exploration beyond the current mineral resource extents at Cordero.

In 2022, Discovery completed detailed geological mapping over high priority targets identified during historical and 2021 exploration campaigns. New geological mapping covers an area measuring 10,181.25 hectares (101.18125 km²),

which brings the total geological mapping and sampling coverage to 11,691.25 hectares (116.9125 km²). These mapped targets formed along two mineralized sinistral releasing bends along the 15 km long, Cordero Magmatic-Hydrothermal belt from Molino de Viento in the southwest to Sansón in the northeast. A total of 2,902 rock samples were collected in support of the geologic mapping effort in 2022. Results from the geologic mapping and sampling on several exploration targets including Dos Mil Diez and Molino do Viento to the southwest, La Perla to the immediate south, and La Ceniza and Sansón to the northeast of the main Cordero target that warrant follow-up exploration and drilling in 2023.

Drilling

Extensive drilling has been completed on the Cordero property totaling 305,302 m in 7438 drill holes. These drilling campaigns took place over several years by Levon from 2009 to 2014 and in 2017, and core drilling continued between 2019 to 2022 by Discovery. The most recent core hole drilled on the project was C22-735 ending in December 2022. Table 1-1 summarizes the year, number, total meters and intent of the drilling completed by Discovery from 2019 through 2022 ending with drillhole C22-735.

Table 1-1: Summary of Drilling by Discovery to December 2022

Company	Year	Drill Holes	Meters	Notes
Discovery	2019	17	5,904.85	Resource area core holes
Discovery	2020	99	39,484.30	Resource area core holes
Discovery	2021	178	85,347.05	Resource area core holes
Discovery	2021	2	807.90	Geotech oriented core (pit-wall stability piezometer holes)
Discovery	2022	149	59,620.60	Resource core holes and exploration core holes
Discovery	2022	17	1,918.75	Geotechnical oriented core (pit-wall stability)
Discovery	2022	89	4,546.45	Oxide resource definition in core holes
Discovery	2022	6	2,190.00	Reverse circulation – hydrology_holes
Totals		295	1,99,820	

Notes: 1. Includes holes drilled on other exploration targets outside of the 2022 resource pit. 2. Drill holes counted in the year in which they were completed. 3. Reverse-circulation holes were drilled for engineering and environmental purposes. 4. Some numbers may not sum exactly due to rounding.

Additional drilling by Discovery has allowed updated interpretations of the structural controls, lithological controls, and definition of dominant fluid flow corridors of high-grade mineralization. These controls and domains have been used to accurately update the estimate of resources. The average estimated recovery factor for holes drilled by Discovery is approximately 98%. The applicable qualified person from the PFS Report is unaware of any recovery or sampling factors that could materially impact the accuracy and reliability of the assay results. The current mineral resource estimate is based on a drill dataset consisting of 275,904 m of drilling (690 drill holes); of which 153,715 m of drilling (423 drill holes) was completed by Discovery.

Sample Preparation, Analysis and Security

Approximately half of the samples included in the current mineral resource estimate are from drilling programs conducted by Levon ending in 2017. The other half were generated by the Discovery drill programs in 2019, 2020, 2021, and 2022.

All samples for the drill programs by Levon and Discovery were prepared using the same ALS method (Code Prep-31) by crushing to 85% to minus 10 mesh then a split was pulverized to 95% minus 150 mesh (Levon) or 85% passing through 75 µm (Discovery). Assays from 2009 to 2012 and 2017 for Levon were performed by ALS Geochemistry (Vancouver). Assays in 2013 and 2014 were carried out by Activation Laboratories Ltd. in Mexico. In 2019, 2020, 2021 and 2022, Discovery used the ALS preparation laboratory in Chihuahua, Mexico and ALS (Vancouver, Canada).

All of the laboratories named above are independent of Discovery and are accredited with the Standards Council of Canada to the ISO/IEC 17025 standard.

Drill core is logged and sampled in a secure core storage facility located at the project. Drill core is placed into corrugated plastic core boxes at the drill site by the drillers. Tied core boxes are organized within the drill pad area and remain under the driller's supervision until it is collected by Discovery personnel. The core is collected twice a day and transported to the Discovery core logging facility within 1.5 km of the drill site. After the drill core is sawn in half and placed in plastic bags, groups of four to give sample bags are placed into large, poly-weave rice bags with their content marked on each bag. The bags are securely sealed and moved to a storage facility controlled by the company geologists. Twice per week, an ALS truck picks up the sample bags from site and delivers them directly to the ALS laboratory in Chihuahua for sample preparation. The drilling area and camp site facilities are on a private property with restricted access to the public. The access gate remains locked at all times, and only the landowners, drillers, and Discovery personnel have a key to open the gate.

Levon submitted all pulverized splits for multi-element aqua-regia digestion with inductively coupled argon plasma (ICP) mass spectrometry (MS) detection (ALS Method Code ME-ICP41) with overlimit results re-analyzed using ICP-atomic emission spectroscopy (AES) and a four-acid digest. Discovery submitted all pulverized splits for multi-element aqua-regia (ALS Method Code ME-ICP61) with overlimit results reanalyzed using ICP-AES and a four-acid digest. Gold analyses were conducted on a 30-gram sub-sample for fire assay with an AA-finish (Levon) and on a 50-gram sub-sample for fire assay (Discovery). For the 2019 to 2022 drilling program, Discovery analyzed sample over-limits > 10 g/t Au and > 1500 g/t Ag using fire assay on a 50-gram sub-sample (for gold) and 30-gram sub-sample (for silver) with a gravimetric finish. In addition, samples that assayed >100 g/t Ag the detection limit for ICP-MS, between 100 to 500 g/t Ag and >1.0% Zn and/or > 1.0% Pb were re-assayed using the ALS Method Code ME-OG62.

The quality assurance/quality control (QA/QC) program consisted of inserting certified reference material (CRM) every 15th sample, blank samples every 18th sample, and core pulp duplicates every 100th sample. The sample preparation analysis and security program implemented by Discovery was designed to support a large volume of data. Sample collection and handling procedures are documented and reviewed frequently. The laboratory analytical methods, detection limits, and grade assay limits are well-suited to the style and grade of the Cordero mineralization. The QA/QC methods implemented by Discovery enabled an ongoing assessment of sample security, assay accuracy, and possible contamination. The applicable QP for the PFS Report reviewed sample collection and handling procedures, laboratory analytical methods, QA/QC protocols, and the QA/QC program results and believes these methods are adequate to support the current mineral resource estimate.

Data Verification

Discovery has developed an extensive dataset that is saved and managed using GeoInfo Solutions' management software. The PFS Report's Qualified Persons from Hard Rock Consulting, LLC, conducted a brief site visit in January 2023. They affirmed the accuracy of drilling and sample handling procedures documented in Sections 10 and 11 of the PFS Report.

Assays in the drill hole database were compared to their original certified values for part of the 2021 drilling and all 2022 drilling included in the updated mineral resource estimate. The database was also checked for incorrect entries, interval lengths, blank or zero-value assay results, out-of-sequence or missing intervals, and value fields.

Metallurgical Testwork and Mineral Processing

Extensive metallurgical testwork has been completed on the Cordero Project by Discovery, and previously by Levon Resources dating back to 2011.

QEMSCAN analysis of multiple composites and variability samples confirmed the predominant sulphide mineral contained across the volcanic, sedimentary, and breccia samples was pyrite. Sphalerite and galena were present to a lesser extent in the volcanic, sedimentary, and breccia samples. The oxide composites did not contain significant amounts of sulphide minerals.

The gangue mineralogy was dominated by quartz, plagioclase, K-feldspar, Si/Al clays, and calcite. The sedimentary samples contained the largest concentration of calcite, while the oxide samples contained the least. The oxide samples contained the most Si/Al clays compared to the other lithologies.

At a primary grind size of 80% passing (k80) 200 µm averaged across the 30 variability composites, galena averaged approximately 65% liberation and sphalerite averaged approximately 78% liberation. Where unliberated, galena and sphalerite were in binary association with pyrite or ternary association with non-sulphide gangue.

Various phases of testwork have culminated in the selection of a robust, differential lead-zinc flotation flowsheet after relatively coarse (k80 = 200 µm) primary grinding via a combination of conventional SAG and ball milling. This flowsheet has been proven to be effective across upwards of 50 variability, master and blended (oxide and sulphide) composites with average locked cycle test performance from the 2022 PFS program returning the following results:

- lead/silver concentrate grading 56% Pb and 3217g/t Ag at lead and silver recoveries of 87% and 75%, respectively
- zinc concentrate grading 52% Zn and 346 g/t Ag at zinc and silver recoveries of 85% and 10%, respectively
- global silver recovery (to lead and zinc concentrates) of 85%.

Due to the relatively coarse primary grind and moderate concentrate regrind size, the concentrates and tails generated via the flotation circuit dewater readily. The majority of the final tails products from locked cycle testing have been shown to be non-acid-generating, with a relatively minor number of samples being classified as potentially acid-generating.

Concentrate quality scans were conducted on the PEA and PFS locked cycle test. The main deleterious elements were as follows:

- Mercury (Hg) content of the lead and zinc concentrates averaged 13, g/t and 11 g/t, respectively.
- Organic carbon content of all concentrates was below 1.6% CORG.
- Arsenic (As) content of the lead and zinc concentrates averaged 0.31% and 0.31%, respectively.
- Cadmium (Cd) content of the lead and zinc concentrates averaged 0.05% and 0.45%, respectively.
- Chlorine (Cl) content was consistently low (0.07% Cl) and often below detection limit.

Comminution testwork conducted on variability samples and composite blends indicate that Cordero ore is hard to very hard, with an average Bond ball work index of approximately 19 kWh/t and an average A x b value of 54.

Heap leaching of the oxide zone was considered for additional silver recovery, but column leach and bottle roll testwork was suspended in 2022 in favour of blending the oxide material in with the sulphides at low blend ratios via the flotation circuit.

Testwork has shown that the oxides can be blended with the sulphide ore and processed via the flotation circuit at blend proportions up to 10% with little to no negative impact on sulphide ore recovery.

Robust metallurgical projection models have been derived for the sulphides from locked cycle and batch cleaner variability testwork and are appropriate for this level of study.

Mineral Resource Estimate

Mineral resource estimates are inclusive of mineral reserves. The new resource estimate for Cordero incorporates geological and structural domains based on lithological and structural controls that are better understood through

recent infill drilling. The mineral resource estimate is divided into eleven estimation domains based on structure, weathering state, indicator grade shell models, and a mostly barren glomerophytic dyke.

Drill hole intervals were composited to 2 m by domain. The presence of high-grade outlier values were investigated for each metal by domain. Appropriate cutting limits were selected by studying coefficient of variation plots, probability plots and decile analyses plots.

Ordinary kriging was used to interpolate silver, lead, zinc and gold grades into blocks and sub-blocks. Anisotropic search radii with variable orientations along mineralization trends were used to select data informing block estimates. Search distances and directions were based on the directional anisotropy of the silver variogram models. Grades were estimated into the model in three passes whereby each successive pass utilized a less restrictive sample search strategy to estimate any remaining unestimated blocks. The search radii for the first estimation pass were set to half of the variogram range in each direction. The second pass doubles the search radii, so that they are all equal to the variogram model ranges. In the third pass the search radii are tripled again.

Resource classification was based on block-by-block metrics that relate to the proximity of nearby data. An optimized pit shell further constrains the reported mineral resource to fulfil the requirement for “reasonable prospects for eventual economic extraction”.

The mineral resource is split into sulphide and oxide portions. Since silver, lead, zinc, and gold all contribute to revenue, a net smelter return (NSR) is calculated as the net revenue from metal sales (taking into account metallurgical recoveries and payabilities) minus treatment costs and refining charges. Discovery is not aware of any environmental, permitting, legal, title, taxation, socio-economic, marketing, or political factors that might materially affect the development of these mineral resource estimates.

Sulphide mineralization is categorized as all mineralization that is located beneath the oxide/transition boundary; it extends to depths of more than 800 m below surface. The \$7.25/t NSR reporting cut-off used for sulphide mineralization is based on the estimated processing and G&A cost for standard flotation processing of this material.

Table 1-2 presents the mineral resource estimate for the sulphide material at Cordero. The tabulated grades and metal contents are in-situ estimates and do not include factors such as external dilution, mining losses, and process recovery losses. As such, these are mineral resources, not mineral reserves, and do not have demonstrated economic and technical viability.

Table 1-2: Sulphide Mineral Resources for the Cordero Project, with an Effective Date of January 18, 2023, above an NSR Cut-off of \$7.25/t and within a Reporting Pit Shell

Class	Tonnage	Grade					Contained Metal				
		Ag	Au	Pb	Zn	AgEq	Ag	Au	Pb	Zn	AgEq
	Mt	g/t	g/t	%	%	g/t	Moz	Koz	Mlb	Mlb	Moz
Measured	250	23	0.08	0.33	0.57	55	185	604	1,824	3,132	439
Indicated	403	18	0.04	0.27	0.56	46	228	524	2,387	4,947	598
M&I	653	20	0.05	0.29	0.56	49	413	1128	4,211	8,079	1037
Inferred	109	13	0.02	0.21	0.38	33	46	82	510	923	118

Notes: 1. AgEq for sulphide mineral resources is calculated as $Ag + (Au \times 15.52) + (Pb \times 32.15) + (Zn \times 34.68)$; these factors are based on commodity prices of Ag – \$24.00/oz, Au – \$1,800/oz, Pb – \$1.10/lb, Zn – \$1.20/lb and assumed recoveries of Ag – 87%, Au – 18%, Pb – 89% and Zn – 88%. 2. Discovery is not aware of any environmental, permitting, legal, title, taxation, socio-economic, marketing, or political factors that might materially affect the development of these mineral resource estimates. 3. The tabulated numbers have been rounded to reflect the level of precision appropriate for the estimates and may appear to sum incorrectly due to rounding. 4. Mineral resource estimates are inclusive of mineral reserves. Source: RedDot3D Inc., 2022.

Oxide/transition mineralization lies above the oxide/transition boundary, where the material is weathered (oxide) or partially weathered (transition). The depth of the oxide/transition zone varies across the deposit from approximately 20 m in the Pozo de Plata zone to depths of up to 100 m in certain areas in the South Corridor and in the far northeast of the deposit. The \$7.25/t NSR reporting cut-off used for oxide mineralization is based on the estimated processing and G&A cost for blending of oxide material into the standard flotation process.

Table 1-3 presents the mineral resource estimate for the oxide/transition material at Cordero. The tabulated grades and metal contents are in-situ estimates and do not include factors such as external dilution, mining losses, and process recovery losses. As such, these are mineral resources, not mineral reserves, and do not have demonstrated economic and technical viability.

Table 1-3: Oxide Mineral Resources for the Cordero Project, with an Effective Date of January 18, 2023, above an NSR Cut-off of \$7.25/t and within a Reporting Pit Shell

Class	Tonnage	Grade					Contained Metal				
		Ag	Au	Pb	Zn	AgEq	Ag	Au	Pb	Zn	AgEq
	Mt	g/t	g/t	%	%	g/t	Moz	Koz	Mlb	Mlb	Moz
Measured	21	30	0.08	0.23	0.25	49	21	51	109	117	33
Indicated	42	24	0.06	0.24	0.31	46	33	85	224	288	62
M&I	63	26	0.07	0.24	0.29	47	54	136	333	405	95
Inferred	36	18	0.04	0.28	0.37	43	21	40	216	292	49

Notes: 1. AgEq for oxide mineral resources is calculated as $Ag + (Au \times 22.88) + (Pb \times 19.71) + (Zn \times 49.39)$; this factor is based on commodity prices of Ag - \$24.00/oz, Au - \$1,800/oz, Pb - \$1.10/lb, Zn - \$1.20/lb and assumed recoveries of Ag - 59%, Au - 18%, Pb - 37% and Zn - 85%. 2. Discovery is not aware of any environmental, permitting, legal, title, taxation, socio-economic, marketing, or political factors that might materially affect the development of these mineral resource estimates. 3. The tabulated numbers have been rounded to reflect the level of precision appropriate for the estimates and may appear to sum incorrectly due to rounding. Source: RedDot3D Inc., 2022.

Mineral Reserve Statement

The mineral reserves for the Cordero Project are based on the conversion of the measured and indicated mineral resources in the study mine plan within the ultimate open pit limits. The level of information from drill holes and degree of certainty on assumptions used the mine plan estimates provides reasonable support to classify measured mineral resources as proven reserves. Indicated mineral resources are converted directly to probable reserves. Inferred mineral resources were treated as waste. The estimates assume conventional open pit mining and equipment.

Mineral reserves estimates are based on metal prices of US\$20/oz silver, US\$0.95/lb lead, US\$1.20/lb zinc, and US\$1600/oz gold and are approximately 302 Mt of ore containing 0.70% Zn, 0.44% Pb, 27.4 g/t Ag, and 0.08 g/t Au. Mineral Reserves for the Cordero Project are shown in metric units in Table 1-4. This estimate has an effective date of December 31, 2022.

Table 1-4: Proven and Probable Mineral Reserves

Reserve Class	Process Feed (Mt)	Grade				Contained Metal			
		Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Ag (Moz)	Au (Moz)	Pb (Blb)	Zn (Blb)
Proven	164.0	28.93	0.10	0.45	0.67	152.52	0.52	1.63	2.42
Probable	138.4	25.61	0.06	0.43	0.73	113.95	0.27	1.30	2.22
Total Reserves	302.4	27.41	0.08	0.44	0.70	266.47	0.79	2.94	4.65

Note: This mineral reserve estimate has an effective date of December 31, 2022, and is based on the mineral resource

estimate dated December 31, 2022, for Discovery by AGP Mining Consultants Inc. The mineral reserve estimate was completed under the supervision of Manuel Jessen, P.Eng. of AGP, who is a QP as defined under NI 43-101. Mineral reserves are stated within the final pit designs based on a US\$20.00/oz silver price, US\$1,600/oz gold price, US\$0.95/lb lead price and US\$1.20/lb zinc price. An NSR cut-off of US\$10.0/t was used to define sulphide reserves. The life-of-mine mining cost averaged US\$1.60/t mined, preliminary processing costs were US\$5.22/t ore and G&A was US\$0.89/t ore placed. The metallurgical recoveries were varied according to head grade and concentrate grades. Lead concentrate recoveries were approximately 82.5%, 12.6% and 91.8% for silver, gold, and lead, respectively. Zinc concentrate recoveries were approximately 10.0%, 9.5% and 77.8% for silver, gold, and zinc, respectively.

The applicable PFS Report Qualified Person has not identified any known legal, political, environmental, or other risks that would materially affect the potential development of the mineral reserves.

Mining Methods

The Cordero Project will use open pit mining methods with truck and shovel equipment that has been proven in similar operations. The major production unit operations will include drilling, blasting, loading, hauling, and dumping. These activities are planned to be completed with an owner/operator fleet. There is currently no plan to extend the mine operation using underground mining methods.

Mining will occur on 10-meter lifts with safety benches every 20 meters using the provided geotechnical parameters by sector. Haul roads are designed at 33.2 m wide to accommodate 190-tonne class haul trucks. The mine fleet will be diesel powered.

The mine plan is based on proven and probable mineral reserves only. The mill facility will produce both zinc and lead concentrates with contained payables for silver, gold, lead and zinc. The plant will primarily process sulphide minerals, but the processing of high-grade oxides is included up to a maximum of 10% of the feed. The current mining limits contain approximately 1% of additional tonnes in the inferred resource category which could be converted to reserves with future drilling.

Dilution was applied on a block-by-block basis taking into consideration the diluted material grade. This resulted in an increase in mill feed tonnage by 2.4%, and a 3.5% lower silver grade than the in-situ feed summary.

Mining activity commences in advance of the sulphide process plant achieving commercial production and includes the placement of material on the stockpile. The mine schedule plans to deliver 284 Mt of sulphide mill feed grading 27.2 g/t Ag, 0.08 g/t Au, 0.72% Zn and 0.45% Pb over a mine life of 18 years. Processed rock also includes 19 Mt of oxides material grading 30.5 g/t Ag, 0.07 g/t Au, 0.33% Zn and 0.28% Pb. Waste tonnage totalling 640 Mt will be delivered to either the tailings storage facility located east of the pit or the rock storage facilities adjacent to the pit. The overall strip ratio is 2.1:1 delivered. Oxides were included in the mill feed when they could displace lower value sulphides up to a maximum of 10% of the mill feed on a period basis. Of the life-of-mine mill feed ore tonnes, 6.2% were high-grade oxides and 31 Mt of oxide material remained in stockpiles at the end of processing due to the 10% blending limit.

Mine operating costs have been estimated from base principals using quotations from local mine equipment vendors plus local supply consumables.

Recovery Methods

The process plant design incorporates a staged expansion approach allowing the throughput to be increased and to accommodate higher feed grades over the life of mine. The selected flowsheet includes a single stage crushing circuit with crushed product reporting to the crushed ore stockpile. Ore is reclaimed to the SAB grinding circuit, which consists of a SAG mill and a ball mill operating in closed circuit with a cyclone cluster. Cyclone overflow material reports to sequential stages of rougher flotation, where lead and zinc concentrates are separated from the gangue material. Lead and zinc rougher concentrates report to dedicated regrind mills for further size reduction prior to cleaner flotation.

Concentrate grades are upgraded in the cleaning circuits to produce concentrates of requisite quality. The concentrates then report to dewatering circuits that include high-rate thickeners and vertical plate-and-frame filter presses. The

resulting filter cakes are handled by a front-end loader for stockpiling and loadout activities. Tailings from the process are thickened in a high-rate thickener and pumped overland to the tailings management facility.

The staged expansion of the process plant over the mine life is presented below:

- Phase 1 (Years 1 to 3) – The process plant is operated at a throughput of 25.5 kt/d.
- Phase 2 (Years 4 to 6) – The plant is expanded to process material at a throughput of 51 kt/d.
- Phase 3 (Year 7+) – The zinc cleaning and concentrate dewatering circuits are expanded to process higher zinc grades in the feed material.

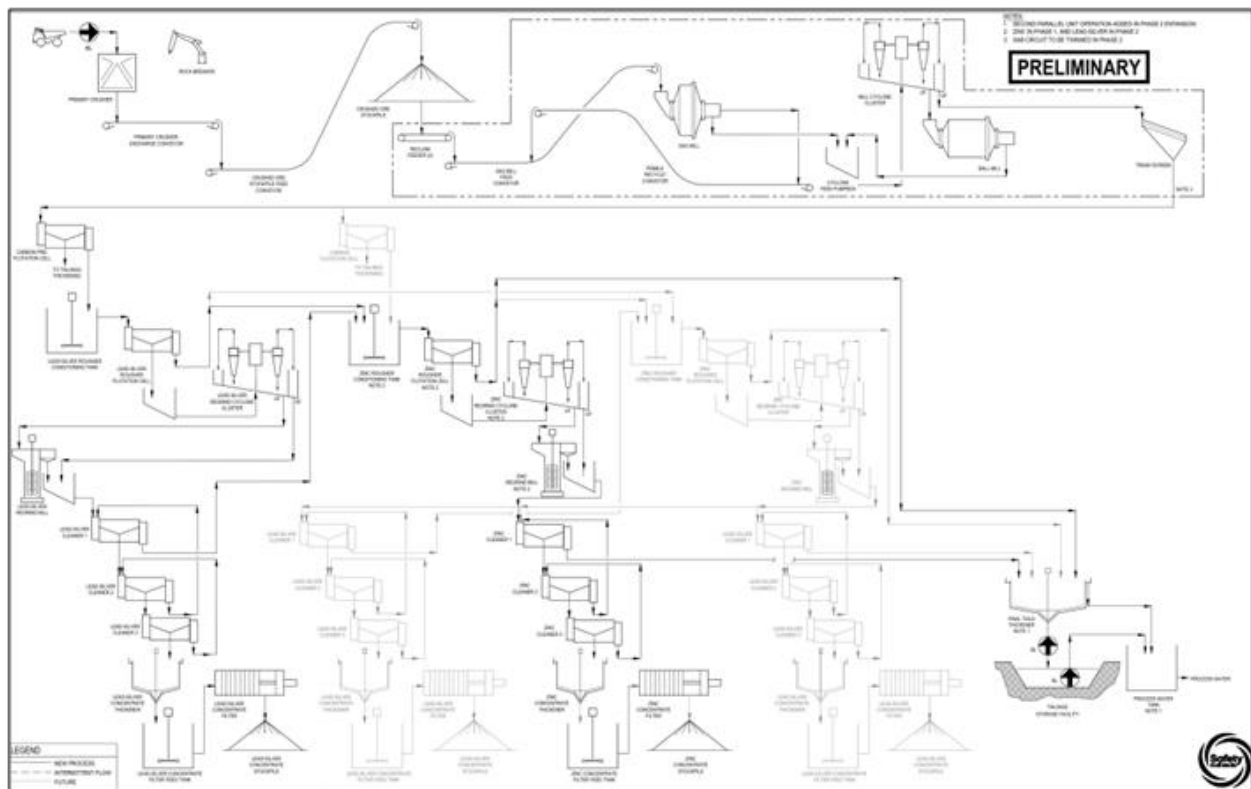
The unit operations and staged expansion approach were selected to accommodate the variable nature of the deposit in terms of lead and zinc feed grade, and to deploy capital efficiently throughout the life of mine.

A summary of the expected process performance is as follows:

- primary crushing availability of 75%
- grinding and flotation availability of 91.3%
- concentrate filtration availability of 82.2%
- Phase 1 throughput of 25.5 kt/d (average basis)
- Phase 2 and 3 throughput of 51 kt/d (average basis).

The process flowsheet is depicted in Figure 1-2, with Phase 1 equipment shown in black, and Phases 2 and 3 equipment shown in greyscale or indicated by comments.

Figure 1-2: Process Flowsheet



Source: Ausenco, 2022.

Project Infrastructure

Infrastructure to support the Cordero Project will consist of site civil work, site facilities/buildings, on-site roads, a water management system, and site electrical power. Site facilities will include both mine facilities and process facilities, as follows:

- mine administration offices, truckshop, explosives storage, fuel storage and distribution, ore stockpiles, waste stockpiles, and truck wash
- process facilities including the process plant, crushing facilities, process plant workshop, assay laboratory, freshwater infrastructure, and tailings pipelines
- tailings storage facility (TSF)
- general facilities include a gatehouse, administration building, communications, switchyard, and weigh scale
- catchments, ponds, and other site water management infrastructure.

An overall site layout is provided in Figure 1-3.

The site can be accessed by a series of unpaved roads from federal Highway 24, approximately 11 km to the west-southwest. The existing access road will be upgraded including widening, installation of culverts as well as grading of corners to ensure suitability for daily operational traffic.

The roads within the process plant area will be generally 6 m wide, integrated with process plant pad earthworks, and designed with adequate drainage. The roads will allow access between the administration building, warehouses, mill building, crushing buildings, stockpile, mining truck shop, and the top of the mill feed stockpile.

The typical method of clearing, topsoil removal, and excavation will be employed, incorporating drains, safety bunds and backfilling with granular material and aggregates for road structure. The entrance to the process and mine site will be via the gatehouse. Additionally, an existing secondary unpaved public road that follows the existing power transmission corridor crossing the southeast corner of the claim block can be used as an alternative access/exit road.

Material from the pit will be diverted to four main destinations depending on the grade and material type. The barren stripping material will be sent to either the waste rock storage facilities or the TSF dam for construction, while the mineralized oxides and sulphides will be sent to either the mill or two main stockpiles areas, primarily for low-grade sulphides and oxides. Each stockpile will have a capacity of approximately 42 Mt. All mill feed is currently envisioned to be hauled from the pit rim by 190-tonne trucks.

Waste rock storage facilities are planned for waste material from the open pit. Two locations were selected for waste rock storage: one south of the ultimate pit limits (WRF01) and one on the northwest side of the pit (WRF02). In general, design considerations assumed an overall reclaimed slope of 18.4 degrees and a swell density of 2.0 t/m³. Total waste rock capacity is approximately 530 Mt.

The mining infrastructure includes haul roads from the pit to the different areas on site, explosive facility, truckshop and truck washbay, mine warehouse, office and workshop.

Figure 1-3: Overall Site Layout



Source: Ausenco, 2022.

The plant site consists of the necessary infrastructure to support the processing operations. All infrastructure buildings and structures will be built and constructed to all applicable codes and regulations. Due to the warm weather conditions, no closed buildings will be required to cover the process plant. The project site will include administration building, plant maintenance shop and warehouse, and other buildings.

The site currently does not have access to power. A study conducted by Comisión Federal de Electricidad identified the power demand at Cordero during peak production can be met with construction of a 75 km long, 230 kV transmission line from Camargo II power plant to the project site.

The outdoor substation is phased into two stages based on power demand. In Phase 1, two 40/53.3 MVA, 230 kV / 13.8 kV oil-filled power transformers will be installed, each capable of supplying the plant’s maximum demand. The transformers will be connected to a 13.8 kV switchgear with a normally open bus tie. When one transformer is out of service, the power system configuration will allow the other to support the total process load, thus enhancing system reliability.

The plant will be expanded in Phase 2 with the installation of two 37.5/50 MVA transformers and another 13.8 kV switchgear in a similar arrangement to supply the additional loads. The substation will also include four banks of power factor correction equipment, each rated at 4 MVAR.

The project lies within the Valle de Zaragoza aquifer, as designated by the National Water Commission (CONAGUA). This aquifer system is in an unrestricted zone and not subject to a ban on groundwater extraction. The mine site is located approximately 2 km north of the Arroyo San Juan, an intermittent stream flowing through alluvial materials which will be the potential source of water.

Waste disposal for the Cordero Project includes waste rock storage facilities (WRF) and the TSF. The TSF is designed to handle 25,500 t/d in Years 1 through 4 before throughput expansion for Phase 2 at 51,000 t/d for the balance of mine operations. The TSF was sized to store approximately 300 Mt of tailings along with the IDF and additional freeboard. The selected TSF location is southeast of the open pit in an area of gently rolling hills at natural elevations

between 1,500 and 1,600 meters above sea level (masl). The TSF site is underlain by thin to sparse alluvium and residual soils over a bedrock foundation of Cretaceous Mezcalera Formation marine limestone. Water from the TSF is reclaimed and used in the process plant.

The excavation quantities for diversion ditches, diversion channels, collection ditches and ponds, and the site-wide water balance model is further discussed in the PFS Report.

Market Studies and Contracts

Discovery retained an external consultant for a review of the treatment costs (TC), refining costs (RC) and transport costs and metal payables (including penalty scales). The market terms for this study are based on the terms proposed by the consultant as well as recently published terms from other similar studies.

The metal payables as stated in Table 1-5 are used in this study. A summary of the treatment and refining costs is shown in Table 1-6.

The estimated transportation costs (trucking, port handling and ocean freight) are \$140/wmt for Pb concentrate and \$125/wmt for Zn concentrate. Transportation costs assume trucking of the concentrate via bulk trucks or containers to the international port at Guaymas, Sonora, or Manzanillo, Colima, and then shipping via ocean freight to Asia.

Table 1-5: Metal Payables

Metal	Unit	Zn Concentrate	Pb Concentrate
Zinc	%	85	-
less Deductible	units	8.0	-
Lead	%	-	95
less Deductible	units	-	3.0
Silver	%	70	95
less Deductible	g/dmt	93.3	50.0
Gold	%	70	95
less Deductible	g/dmt	1.0	1.0

Source: Discovery, 2023.

Table 1-6: Summary of Treatment Charges and Refining Costs

Metal	Concentrate Grade	Treatment Charges (US\$/wmt)	Refining Charges (US\$/payable lb or oz)	Concentrate Loading Port		Ocean Shipment Mode	
				Zn Concentrate	Pb Concentrate	Zn Concentrate	Pb Concentrate
Zinc	51%	\$210.00	\$0.00	Guaymas		Bulk	
Lead	52%	\$130.00	\$0.00		Manzanillo		Container/Bulk
Silver			\$1.20				
Gold			\$10.00				

Source: Discovery, 2023.

The metal prices presented in Table 1-7 were used for financial modelling for the PFS Report.

Table 1-7: Metal Prices for Economic Analysis

Metal	Price
Silver	\$22.00/oz
Gold	\$1,600/oz
Lead	\$1.00/lb
Zinc	\$1.20/lb

Source: Discovery, 2023.

Environmental Studies, Permitting, and Social or Community Impact

Environmental Studies

Topography in the project area is generally flat with slope gradients ranging mostly between 1% and 3%. The ground surface elevations within the pit extent are approximately 1,560 to 1,600 masl.

Among the three weather stations (the Parral, the La Boquilla, and the Valle de Zaragoza) existing in the area, the Zaragoza Valley station was considered to be representative of the site conditions, with precipitation and evaporation data from 1968 to 2021 available. The average annual precipitation (as rainfall) has been estimated at 428.8 mm. Only 2% to 3% of rainfall may infiltrate as recharge into the groundwater system. Except for some small creeks, no large naturally occurring surface waterbodies exist within the surface water catchments surrounding the pit. Flows in the creeks are anticipated to be small and seasonal, due to the relatively dry climate.

Six monitoring wells (RC22-001 to RC22-006) and two vibrating wire piezometers (VWPs; KP21-SB001, KP21-SB002) have been installed in the open pit area. Geophysical surveys were conducted to map the geological materials and structures in the area. Hydraulic parameters (including transmissivity and hydraulic conductivity) have been estimated based on the results of flow rates measured in the air-lift testing in these drillholes. Static groundwater elevations representing pre-mining conditions have been measured in the installed RC22 wells and the VWPs. The measured groundwater elevations appear stable with small variations over time, indicating groundwater flow in the aquifer system is in a steady state. The average groundwater level across the pit is approximately 1,497 masl. The RC22 wells have not been sampled for groundwater quality characterization.

The lithological units in the pit area consist of volcanic rocks (predominated by rhyodacite) and sedimentary rocks (predominated by siltstone), together with some interpreted faults. The hydrostratigraphic units in the pit area are interpreted to include shallow alluvium, conglomerate, and bedrock. The surficial sediments are mostly above the static groundwater level in the pre-mining conditions.

Shallow groundwater is influenced by topography and surface runoff and recharge processes, and deeper groundwater flow patterns are interpreted to be confined and influenced by more district-scale geological characteristics. Groundwater flow direction in the shallow groundwater system is interpreted to be from the northwest to southeast across the project area, generally following topography. Deeper groundwater flow is also interpreted to be also towards the southeast but controlled by geologic fault features and the bedrock fracture network.

The Cordero region has long, hot, and humid summers with convective showers and a peak seasonal rainfall in the hottest months. In winter, the air is generally mild during the day, but at night the temperature can drop rapidly to a few degrees below freezing. Two climate types are present in the Cordero Project area. In general, both climate types represent semi-arid weather. BS1kw (x') climate is semi-arid and temperate with hot summers. The average annual temperature ranges between 12°C and 18°C. BS1hw (w) represents semiarid and temperate weather with an average annual temperature higher than 18°C.

The local biodiversity includes a wide variety of plants and animals that sustain the different ecosystem equilibrium. The vegetation in the Cordero Project includes secondary succession of natural grassland shrub representing 70% of the site's surface, followed by natural grassland covering 9% of the land. Annual rainfed agriculture, microphyllus desert scrub, secondary succession of microphyllus desert scrub, secondary succession of rosetophyllous desert scrub,

and secondary succession of herbaceous natural grassland cover the remaining 21% of the project area. The fauna in the area includes 69 species of mammals (i.e., desert cottontail, gray fox, American desert hare and racoon), birds (i.e., turkey vulture, scale quail, common raven and red-tailed hawk) and reptiles (Texas horned lizard, tortuga island rattlesnake and black-tailed rattlesnake). There are no declared natural protected areas within or bordering the project site. The project site lies within Hydrological Region 24 (RH24), Bravo-Conchos.

An Environmental Protection Plan will be developed to outline the reclamation activities that will be executed following the project exploration stage. The Environmental Protection Plan will be aligned with current permits and resolution 4.1.18 of the Mexican Official Standard NOM 120 SEMARNAT 2020. No formal Closure and Reclamation Plan has been prepared for the Cordero Project to date; a plan will be developed as the project advances through subsequent project stages.

Pit Dewatering

Based on the available information, the potential pit inflow rate into the proposed pit shell through the mine life was estimated using the analytical Jacob-Copper solution. The results show that the pit intersects groundwater in mine Year 1, and the inflow rates increase progressively as the pit deepens year by year.

Using the estimated base case pit inflow rates, a pit dewatering strategy was developed to meet the pit dewatering requirements. The pit dewatering strategy consists of vertical wells along the pit perimeter and in-pit wells (targeting permeable hydrogeologic units and features), in addition to the supplemental measures (including precipitation runoff collection sump, and sub-horizontal drains) when necessary.

Permitting Considerations

A variety of permits and authorizations will have to be obtained prior to construction and operations. In particular, authorization by SEMARNAT (Secretaria de Medio Ambiente y Recursos Naturales) following the Environmental Impact Assessment (EIA) will be required. The environmental permitting requirements and status for the Cordero Project is summarized in Table 20-7 of the PFS Report. The Cordero site currently holds three permits: NOM 120 SEMARNAT 2020, Corporation Registration in Social Security (IMSS) and Community Protection. Registration of Hazardous Waste Management has been presented to SEMARNAT and Waste Management Plans (Hazardous and Mining) are being developed.

Social Considerations

The project is located in a socioeconomic region known as the Parral Region, which includes four municipalities: Hidalgo del Parral, with a population of 116,662 inhabitants; Santa Bárbara, with 11,582 inhabitants; Valle de Zaragoza, with 4,775 inhabitants; and San Francisco del Oro, with 5,004 inhabitants. Approximately 76.5% of the population are dedicated to agricultural field work. More than 50% of the population do not have access to official healthcare. More than 80% of the population own a house and the rest live in rental accommodations or in a house owned by relatives. More than 51% of the population do not have access to clean drinking water.

Capital and Operating Costs

Capital Cost Estimate

The capital cost estimate conforms to Class 4 guidelines for a pre-feasibility- level estimate with a $\pm 25\%$ accuracy according to the Association for the Advancement of Cost Engineering International (AACE International). The capital cost estimate was developed in Q4 2022 dollars based on budgetary quotations for equipment and construction contracts, as well as Ausenco's in-house database of projects and studies including experience from similar operations.

The total initial capital cost for the Cordero Project is US\$455 million; the Year 3 expansion capital cost is US\$289 million; the Year 9 expansion capital cost is US\$31 million; and LOM sustaining costs are US\$228 million. Closure costs are estimated at US\$73 million, with salvage credits of \$US49 million. The capital cost summary is presented in Table 1-8.

Table 1-8: Summary of Capital Costs

WBS Description	WBS	Initial Capital Cost (US\$M)	Expansion Capital Cost (US\$M)		Sustaining Capital Cost (US\$M)	Total Cost (US\$M)
		Y0	Y3	Y9	LOM	
Mining	1000	69.9	2.7	--	66.5	139.1
On-Site Infrastructure	2000	30.8	11.9	--	8.9	51.6
Crushing	3000	25.5	6.4	--	--	31.9
Process Plant	4000	130.9	108.0	14.5	--	253.4
Tailings Management	5000	45.4	39.6	--	106.0	190.9
Off-Site Infrastructure	6000	20.2	35.4	--	13.5	69.1
Total Directs		322.6	204.0	14.5	194.9	736.0
Project Indirects	7000	59.0	39.3	10.8	--	109.1
Owner's Costs	8000	12.6	2.0	1.0	23.6*	39.3
Provisions	9000	60.7	43.2	4.4	9.7	118.1
Total Indirects		132.3	84.6	16.3	33.3	266.5
Project Total		454.9	288.6	30.8	228.2	1002.5

Note: *The LOM sustaining Owner's cost is the net difference between reclamation costs and salvage value. Source: Ausenco, 2022.

Operating Cost Estimate

The average yearly operating cost for the project varies as the project undergoes numerous phases with different production rates and mineralized material types. Table 1-9 provides a summary of the operating costs considering the various operational phases, expressed on a \$/t milled basis.

Table 1-9: Summary of Operating Costs

Year	LOM	1-3	4-10, 12+	11	LOM	1-3	4-10, 12+	11
Operating Costs	US\$M	US\$M/a	US\$M/a	US\$M/a	US\$/t	US\$/t	US\$/t	US\$/t
Mining	2,286	124	118	153	7.6	13.9	6.4	8.2
Processing	1,929	59	112	115	6.4	6.6	6.1	6.2
Site G&A	188	10	11	11	0.6	1.1	0.6	0.6
Total	4,402	192	241	279	14.6	21.6	13.1	15.0

Source: AGP and Ausenco, 2022.

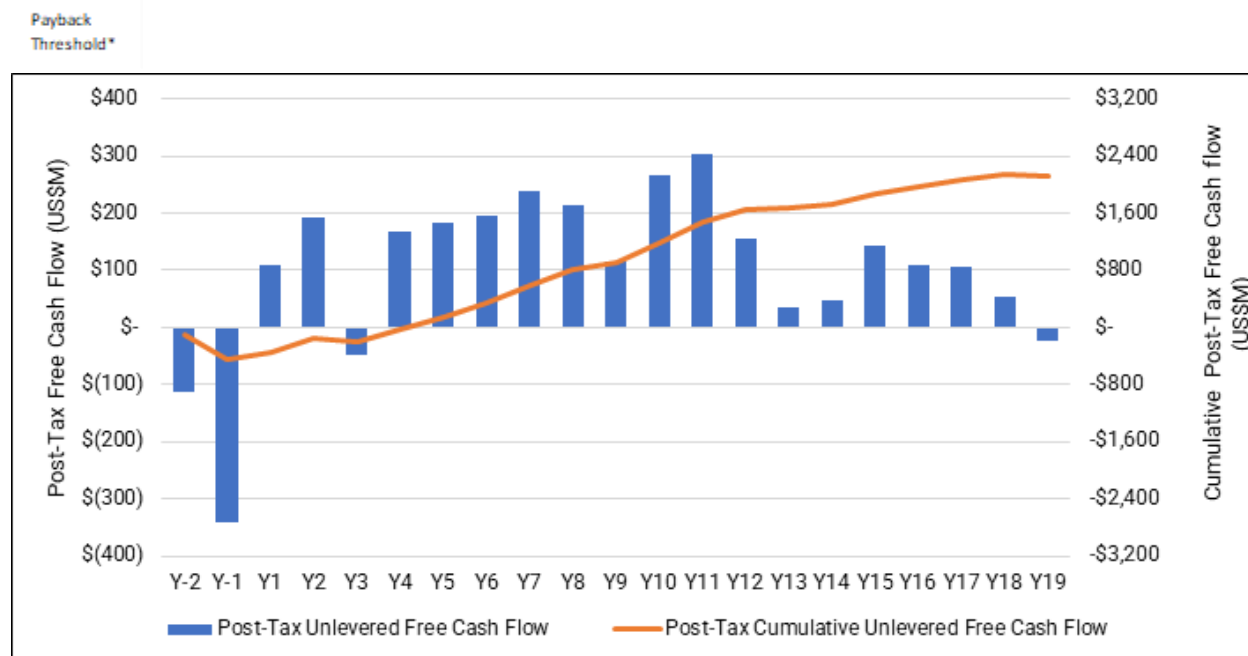
Economic Analysis

The economic analysis was performed assuming a 5% discount rate. Cash flows have been discounted to the start of construction, assuming that the project execution decision will be taken, and major project financing will be carried out at this time.

The pre-tax NPV discounted at 5% is \$1,902 million; the IRR is 38.9%, and payback period is 3.1 years. On a post-tax basis, the NPV discounted at 5% is \$1,153 million; the IRR is 28.0%; and the payback period is 4.2 years.

A summary of the post-tax project economics is shown graphically in Figure 1-4 and listed in Table 1-10.

Figure 1-4: Post-Tax Project Economics



Note: *Left axis is for free cash flow, and right axis for cumulative free cash flow. Source: Ausenco, 2023.

Table 1-10: Economic Analysis Summary

Description	Unit	Life-of-Mine Total / Average
General Assumptions		
Silver Price	US\$/oz	\$22
Gold Price	US\$/oz	\$1,600
Lead Price	US\$/lb	\$1.00
Zinc Price	US\$/lb	\$1.20
Discount Rate	%	5.0%
Production		
Total Payable Silver	koz	199,418
Total Payable Gold	koz	54
Total Payable Lead	Mlb	2,368
Total Payable Zinc	Mlb	3,360
Total Payable Silver Equivalent	koz	494,253
Operating Costs		
Mining Cost (incl. Rehandling)	US\$/t mined	\$2.45

Description	Unit	Life-of-Mine Total / Average
Mining Cost (incl. Rehandling)	US\$/t milled	\$7.56
Processing Cost (Phase 1)	US\$/t milled	\$6.46
Processing Cost (Phase 2)	US\$/t milled	\$6.36
Site G&A Costs	US\$/t milled	\$0.62
Cash Costs and All-in Sustaining Costs (Co-Product Basis)		
Operating Cash Costs ¹	US\$/oz AgEq	\$8.91
Total Cash Costs ²	US\$/oz AgEq	\$13.23
All-in Sustaining Cost ³	US\$/oz AgEq	\$13.62
Capital Expenditures		
Initial Capital	US\$M	\$455
Expansion Capital	US\$M	\$319
Sustaining Capital (incl. Net Closure)	US\$M	\$228
Economics		
Pre-tax NPV @ 5%	US\$M	\$1,902
Pre-tax IRR	%	38.9%
Pre-tax Payback	years	3.1
Post-tax NPV @ 5%	US\$M	\$1,153
Post-tax IRR	%	28.0%
Post-tax Payback	years	4.2

Notes: 1. Operating cash cost consist of mining costs, processing costs, and site-level G&A. 2. Total cash costs consist of operating cash costs plus transportation cost, royalties, treatment and refining charges. 3. AISC consist of total cash costs plus sustaining capital. Source: Ausenco, 2023.

A sensitivity analysis was conducted on the base case post-tax NPV and IRR of the project using the following variables: discount rate, head grade, total operating cost, total capital cost, silver, gold, zinc, and lead prices, which were encompassed in a single variable, metal prices. Table 1-11 summarizes the post-tax sensitivity analysis results.

Table 1-11: Post-Tax Sensitivity Summary

Metal Prices	Post-Tax NPV (5%)	Total Capital Cost		Total Operating Cost		Head Grade	
	Base Case	(-10%)	(+10%)	(-10%)	(+10%)	(-10%)	(+10%)
-20.0%	\$293	\$355	\$231	\$465	\$119	-\$3	\$586
-10.0%	\$723	\$785	\$661	\$895	\$552	\$389	\$1,062
--	\$1,153	\$1,215	\$1,091	\$1,324	\$981	\$773	\$1,538
10.0%	\$1,582	\$1,644	\$1,520	\$1,754	\$1,411	\$1,157	\$2,013
20.0%	\$2,012	\$2,074	\$1,950	\$2,183	\$1,840	\$1,541	\$2,489
Metal Prices	Post-Tax IRR	Total Capital Cost		Total Operating Cost		Head Grade	
	Base Case	(-10%)	(+10%)	(-10%)	(+10%)	(-10%)	(+10%)
-20.0%	12.5%	14.8%	10.5%	16.0%	8.4%	4.9%	18.4%
-10.0%	20.9%	23.6%	18.5%	23.7%	17.8%	14.5%	26.6%
--	28.0%	31.2%	25.2%	30.5%	25.3%	21.7%	33.9%
10.0%	34.4%	38.2%	31.3%	36.8%	32.0%	28.0%	40.6%
20.0%	40.5%	44.8%	37.0%	42.8%	38.3%	33.8%	47.0%

Source: Ausenco, 2023.

Adjacent Properties

Mr. Schwering, QP of the PFS Report, has reviewed the claim status on adjacent properties and can find no active mineral concessions adjacent to the Cordero property. As noted in Section 6 of the PFS Report, a review of adjacent mineral concessions conducted by Levon in 2009 led to reclaiming mineral concessions that had been dropped earlier by Valley High. In 2013, Levon acquired the last remaining inlying mineral concession.

The Cordero Project lies in a region that has been a major producer of silver for centuries and continues to host several producing mines. The region is also a hub for exploration on new mineral deposits, including three early-stage exploration projects belonging to Discovery (i.e., Puerto Rico, Minerva, and Monclova).

Exploration, Development, and Production

To support ongoing studies in 2023, drilling is recommended as follows:

- Drilling in Q1 to Q2 2023 relates to condemnation drilling targeting proposed infrastructure locations for evidence of mineralization in an estimated 20 holes totalling 5,700 m.
- Drilling in Q1 to Q3 2023 relates to hydrogeology drilling targeting viable water sources in an estimated 18 holes totalling 8,000 m.
- Drilling in Q1 and Q3 2023 relates to pump-test well drilling to test water levels and conductivity near the PFS pit boundary in an estimated 3 holes for 1,350 m.
- Drilling in Q1 and Q3 2023 relates to geotechnical drilling testing in an estimated seven holes totalling 2,460 m to support ongoing feasibility studies.
- Drilling in Q3 and Q4 2023 relates to regional drilling in an ongoing property wide regional target assessment in an estimated 8900 m in a series of holes.

Several of the above stages can be completed in conjunction with other work programs. Contingent on the success of the drilling, the drill programs should be expanded as needed.

Ongoing studies should include continued Leapfrog 3D modelling of clay content, sulphide content, assessment of intrusive phases, structural corridors, alteration zonation, mineralization styles, carbonate species zonation and further definition of late mineral intrusive phases. Continued petrographic and SEM-EDS analysis in support of a metal deportment study is recommended.

Targeted studies should include lithochemical sampling of outlying regional igneous rocks, further definition of the late mineral intrusive phases, and ongoing Ar-Ar (Argon-Argon) age dating of alteration envelopes to precious and base metal mineralization.

To identify exploration targets under the 85% recent cover (includes overburden and post mineral volcanics) of Cordero, a targeted GIS knowledge-driven spatial analysis should be completed to define areas with the likelihood of finding Cordero-style mineralization in covered areas. To better inform the alteration and mineralization modelling, further insight through exploratory data analysis should be completed.

Bulk Density Program

A bulk density estimation program to measure the density of every 2 m sample interval using whole core was continued in Q4 2022. This program should continue through 2023 since it will provide additional useful information to supplement the existing pulp density and whole core density measurements as the project advances. The cost of this activity is included in exploration program cost.

Metallurgical Characterization

The metallurgical work outlined below is recommended for the next project phase:

- Additional comminution tests to further expand the comminution database is recommended to develop a robust comminution model and grinding circuit design. This will improve the future analysis of power requirements and equipment selection.
- Optimization of concentrate regrind size is required. Only limited testwork has been conducted to date and specific energy consumption testwork was not included.
- Further investigation between the impact of depressant dosages and silver recovery to the lead-silver concentrate is recommended. Operating at lower depressant dosages would likely lead to higher silver recovery to the lead-silver concentrate where payment terms are more favourable.
- Alternate depressants to sodium cyanide should be evaluated to determine if it can be replaced entirely without adversely affecting metallurgical performance.
- Sensor-based sorting and/or dense media separation testwork should be undertaken to determine the response of the low-grade stockpile material to preconcentration.
- Further expansion of the variability flotation database is recommended and testwork on higher grade production composites is required to allow models of robust head grade vs. recovery to be developed.
- No dewatering testwork (dynamic thickener tests and concentrate filtration) has been conducted to date—this is recommended as part of the work in the next project phase.
- The use of 4 kg testwork charges for flotation testwork should be considered as standard going forward, especially for the low head grade samples.

Mineral Resource Estimation

The following work related to mineral resource estimation is recommended for the next project phase:

- Future mineral resource updates should continue to explore the use of geological logging information to optimize the separation of structural domains into high-grade and low-grade subdomains.
- A small cross of closely spaced drill holes at approximately 10 m spacing should be drilled in a high-grade zone and low-grade zone to improve the understanding of short-scale continuity. This will assist the analysis and interpretation of spatial continuity for future resource estimation studies and provide useful information for planning a grade control system.
- Infill drilling should continue, both in inferred resource areas where confidence could move the mineral resources into the indicated category, and similarly in indicated resource areas where confidence could move the mineral resources into the measured category. By the time the project reaches the feasibility study phase, it is prudent to have the majority of the mineral resources in the payback period drilled to the level of measured confidence.

The vast majority of the proposed resource drilling is to expand mineral resources in the Cordero main area, where resources are currently estimated, and to increase the confidence of resource estimates from the inferred to indicated category, and from the indicated to measured category.

Geotechnical Studies for Pit Slopes and Sectors

The geotechnical data collected from the 2021 and 2022 site investigation programs is considered sufficient for a PFS-level pit slope design. However, there are uncertainties and data gaps relating to large-scale structural features, rock mass strength, rock defect strength, rock mass permeability and porewater pressure distribution. Additional geotechnical investigations and slope stability assessments are required should the project advance to the feasibility study and/or detailed engineering stages. The recommended future work includes the following and has an estimated budget of US\$0.5 million:

- A supplementary geotechnical drilling program in the proposed west wall area where the siltstone package is encountered for further bedding orientation and rock mass characterization.
- Additional laboratory rock strength testing to refine the intact rock and defect strength estimates of the siltstone unit.
- Further detailed slope stability analyses for refinement of pit slope designs.

Mine Engineering

The following mining-related studies and analyses should be completed as the project advances to the next study phase:

- The current assumption for grade control needs to be reviewed and sampling protocols need to be established.
- Additional information from further geotechnical drilling is required to develop a more detailed mass rock characterization and update pit slope criteria.
- Additional work needs to be completed to verify the cost benefit of using an Owner fleet. This includes detailed discussions with local contractors and vendors to determine whether a hybrid approach of early-stage contract mining and later-stage owner-operated mining is an economical option.
- Further study is required to better understand the nature of the waste rock and to classify it as potentially acid generating (PAG) or non-acid generating (NAG) or if particular lithologies are susceptible to metal leaching. The results may require a change to the waste rock management strategy.

- Optimization studies should be performed to refine the selected business case. This would likely include a cut-off optimization study to improve the blending strategy for the mill feed material and to determine the optimum size of the proposed marginal sulphides and oxides stockpiles.
- A detailed sensitivity analysis of pit optimization parameters is recommended to define the ultimate pit limits.
- The detailed mine design and schedule should be finalized with reference to more defined surface infrastructure/facilities for services, water management and other relevant components.

Tailings Storage Facility Studies

Recommendations for the next phase of project development related to the tailings storage facility are as follows:

- Field Programs:
 - Complete additional site investigation programs and laboratory testing to support the level of detail required for future studies.
- Additional Studies and Evaluations such as:
 - Complete detailed consolidation modelling and updated seepage and stability modelling for the for the TSF.
 - Advance the site-specific seismic hazard analysis (SHA) considering in-situ testing to estimate ground motion parameters representative of the geotechnical foundation conditions. In addition, complete a fault study, an updated probabilistic seismic hazard analysis, and a deterministic seismic hazard analysis to define a maximum credible earthquake (MCE) for the TSF.
 - Complete a dam breach and inundation assessment to evaluate the impacts of failure of the TSF on the receiving environment and to inform a dam classification.
 - Complete additional geochemistry testing and studies to confirm the metal leaching and acid generating potential of the materials that will be stored and/or used for construction.
 - Complete testing on embankment construction materials and tailings materials to confirm suitability for proposed management strategies, and confirm material parameters for design (dry density, consolidation characteristics, strength parameters, etc.).
 - Complete additional studies to understand the potential for water recovery from the TSF.

Water Management

It is recommended that the following be carried out to continue developing the site-wide water balance and supporting studies:

- Evaluate measures to reduce the reliance on external make-up water.
- Complete water quality modelling to support collection, possible treatment, and distribution planning of the contact water from the mine site area and non-contact water from the upstream natural catchments.
- Continue to collect and monitor site-specific climate data; consider collecting hydrological data at the project site and installing an additional climate station in the project area at a different location and aspect; consider installing at least one hydrometric station with an automatic data logger on the most consistently flowing stream in vicinity of the project area.
- Complete a detailed and comprehensive hydrometeorological study to adequately characterize the climatic and hydrological characteristics of the project area to support subsequent levels of design.

- Refine the logic in the overall site-wide water balance model to a feasibility level; optimize water and waste management.

Environmental Studies, Permitting, and Social and Community Impact

Current regulations in Mexico require that a preliminary closure program be included in the MIA and a definite program be developed and submitted to the authorities during mine operation (generally accepted as three years into the operation). These closure plans tend to be conceptual and typically lack much of the detail necessary to develop an accurate closure cost estimate.

New tailing dams are subject to the requirements of NOM-141-SEMARNAT-2003 (Standard that Establishes the Requirements for the Design, Construction and Operation of Mine Tailings Dams). Under this regulation, studies of hydrogeology, hydrology, geology and climate must be completed for sites considering new tailings impoundments. If tailings are classified as hazardous under NOMCRP-001-ECOL/93, the amount of seepage from the impoundment must be controlled if the facility has the potential to affect groundwater. Environmental monitoring of groundwater and tailings pond water quality and revegetation requirements is specified in the regulations. It is recommended that a solid Tailings Management Plan be developed to prepare the Cordero Project for international standards to be satisfied.

Hydrogeology

The following work related to hydrogeology is recommended for the next project phase:

- Further investigation of the location and nature of geological structures (e.g., faults) and the potential compartmentalization of the groundwater system is recommended to support the quantitative estimate of the occurrence and nature of groundwater flow. More detailed investigation is recommended to better characterize the hydrogeological system, especially the hydraulic features of the faults and their hydraulic connectivity.
- It is recommended that pumping wells be drilled, installed, and tested to reliably estimate the hydraulic parameters of the bedrock formations and their sustainable well yield. Additional piezometers will be needed to support the pumping tests, and to improve the knowledge about the geological features including the faults in the pit area; multi-level piezometers are recommended to be installed to allow vertical hydraulic gradients and groundwater flow directions to be characterized.
- The existing RC22 wells are recommended to be sampled for at least one hydrologic year on a quarterly basis to characterize seasonal variations of groundwater quality. The groundwater sampling results are required to confirm the suitability of the pit dewatering pumping water for the mine water supply, as well as for environmental assessment and project permitting.
- New groundwater monitoring wells are recommended to be drilled and installed at the proposed waste rock and tailings storage facilities and along the potential mine contact water seepage flow pathways towards the receiving environment. Once the wells are completed and developed, slug tests should be done to estimate hydraulic conductivities. Water levels and groundwater samples should be collected on a quarterly base for at least one hydrologic year.
- A 3D numerical groundwater model is recommended to be developed based on an updated conceptual hydrogeological model. The calibrated numerical model can be used to validate the pit inflow estimated and simulate the performance of the pit dewatering well system. The model can also be used to conduct pit depressurization analysis (if necessary) and to predict potential impacts of the mine on the groundwater system.
- It is recommended that surface water monitoring be carried out to support the future groundwater model development.

For further information regarding the Cordero Project, see the PFS Report and the documents incorporated by reference in this AIF available at www.sedar.com under the Corporation's profile.

Recent Developments

Subsequent to the publication of the PFS Report on February 10, 2023, and to the date of this AIF:

- Drilling continued after having been re-commenced by Discovery on January 9, 2023, with two drills; and
- A total of 8,047 m has been drilled in 22 holes by Discovery during 2023.

For additional information with respect to the Cordero Project and the business of the Corporation, readers are referred to the PFS Report, incorporated by reference herein, and available electronically under the Corporation's issuer profile on SEDAR at www.sedar.com.

DIVIDENDS AND DISTRIBUTIONS

There are no restrictions that prevent the Corporation from paying dividends or distributions. However, the Corporation has not paid any dividends or distributions on its Common Shares since incorporation and there are no plans to pay dividends at this time. At present, all available funds are invested to finance the growth of the Corporation and the exploration and development of its mineral properties. Any decision to pay dividends on its Common Shares in the future will be made by the Board from time to time, in its discretion, on the basis of many factors, including Discovery's earnings, operating results, financial condition, and anticipated cash needs and other conditions existing at such time.

DESCRIPTION OF CAPITAL STRUCTURE

Shares

The Corporation is authorized to issue an unlimited number of Common Shares. There are 352,350,230 Common Shares issued and outstanding as of the date of this AIF. Holders of Common Shares are entitled to receive notice of any meetings of shareholders of the Corporation, and to attend and to cast one vote per Common Share at all such meetings. Holders of Common Shares are entitled to receive on a pro rata basis such dividends on such Common Shares, if any, as and when declared by the Board at its discretion from funds legally available therefor, and, upon the liquidation, dissolution, or winding up of the Corporation, are entitled to receive on a pro rata basis the net assets of the Corporation after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions, and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of Common Shares with respect to dividends or liquidation. The Common Shares do not carry any preemptive, subscription, redemption, retraction, surrender, or conversion or exchange rights, nor do they contain any sinking or purchase fund provisions.

Warrants

The Corporation does not have any Warrants issued and outstanding as of the date of this AIF.

Options

The Corporation has adopted a Stock Option Plan (the "**Option Plan**") pursuant to which the Board may grant stock options (each, an "**Option**") to directors, officers, employees, and consultants of the Corporation and its affiliates. On the exercise of an Option and the payment to the Corporation of the applicable exercise price therefor, the holder thereof will be entitled to receive the equivalent number of Common Shares.

The Board may set vesting terms at the time of issuance of any Options. Options do not entitle the holders thereof to voting rights, dividend rights, or rights on dissolution or winding-up.

The maximum number of Common Shares reserved for issuance under the Option Plan, the RSU Plan (defined below), and the DSU Plan (defined below), including pursuant to Options, RSUs and DSUs currently outstanding, is equal to 10% of the Common Shares outstanding from time to time (the "**10% Maximum**"). The 10% Maximum is an

“evergreen” provision, meaning that, following the exercise, termination, cancellation, or expiration of any Options, RSUs, or DSUs, a number of Common Shares equivalent to the number of options so exercised, terminated, cancelled, or expired would automatically become reserved and available for issuance.

The Corporation’s current Option Plan is set out in the Corporation’s Information Circular dated May 9, 2022, filed on SEDAR at www.sedar.com. In connection with the Corporation’s graduation to the TSX, the Board authorized revisions to the Option Plan which will be put to the Corporation’s shareholders for approval at the upcoming Annual General Meeting on May 12, 2023.

Restricted Share Units

The Corporation has adopted a Restricted Share Unit Plan (“**RSU Plan**”) pursuant to which the Board may grant Restricted Share Units (each, an “**RSU**”) to employees, officers, and consultants of the Corporation and its affiliates. On the redemption date of an RSU, the holder thereof will be entitled to receive the equivalent number of Common Shares, or a cash amount equal to the number of Common Shares multiplied by the applicable share price as set out in the RSU Plan, or a combination of cash and Common Shares, at the discretion of the Board.

The Board may set vesting terms at the time of issuance of any RSUs. RSUs may be cancelled on the holder’s cessation of engagement with the Corporation, subject to certain conditions set out in the RSU Plan. RSUs do not entitle the holders thereof to voting rights or rights on dissolution or winding-up.

A maximum of 7,000,000 Common Shares may be reserved for issuance under the RSU Plan. Further, the number of Common Shares that may be reserved for issuance under the RSU Plan are subject to the 10% Maximum, as described above.

The Corporation’s current RSU Plan is set out in the Corporation’s Information Circular dated May 9, 2022, filed on SEDAR at www.sedar.com. In connection with the Corporation’s graduation to the TSX, the Board authorized revisions to the RSU Plan to comply with TSX rules and requirements, which will be put to the Corporation’s shareholders for approval at the upcoming Annual General Meeting on May 12, 2023.

Deferred Share Units

The Corporation has adopted a Deferred Share Unit Plan (“**DSU Plan**”) pursuant to which the Board may grant Deferred Share Units (each, a “**DSU**”) to directors of the Corporation and its affiliates. On the exercise of a DSU and the payment to the Corporation of the applicable exercise price therefor, the holder thereof will be entitled to receive the equivalent number of Common Shares.

The Board may set vesting terms at the time of issuance of any DSUs. DSUs may be cancelled on the holder’s cessation of engagement with the Corporation, subject to certain conditions set out in the DSU Plan. DSUs do not entitle the holders thereof to voting rights or rights on dissolution or winding-up.

A maximum of 3,000,000 Common Shares may be reserved for issuance under the DSU Plan. Further, the number of Common Shares that may be reserved for issuance under the DSU Plan are subject to the 10% Maximum, as described above.

The Corporation’s current DSU Plan is set out in the Corporation’s Information Circular dated May 9, 2022, filed on SEDAR at www.sedar.com. In connection with the Corporation’s graduation to the TSX, the Board authorized revisions to the DSU Plan to comply with TSX rules and requirements, which will be put to the Corporation’s shareholders for approval at the upcoming Annual General Meeting on May 12, 2023.

Issued and Outstanding Securities

The following represents the Corporation's current capital structure:

Designation of Security	Number of Shares Authorized	Outstanding on December 31, 2022	Outstanding on March 30, 2023
Common Shares	Unlimited	351,941,580	352,350,230
Options	Subject to 10% Maximum	20,465,017	20,046,992
Warrants	N/A	nil	nil
RSUs	Subject to 10% Maximum, not exceeding 7,000,000 Common Shares	125,000	2,989,965
DSUs	Subject to 10% Maximum, not exceeding 3,000,000 Common Shares	Nil	1,080,025

Principal Shareholders

As at the date of this AIF, no person or company beneficially owns, directly or indirectly, or exercises control or direction over Common Shares carrying more than 10% of the outstanding voting rights attached to the Common Shares other than as follows:

Name	Designation of Security	Number of Securities Owned (as of the date of this AIF)	Percentage of Securities Owned (as of the date of this AIF)
2176423 Ontario Ltd.	Common Shares	89,531,054	25.4%

MARKET FOR SECURITIES

Trading Activity and Volume

The Corporation's Common Shares currently trade on the TSX under the symbol "DSV". For the year ended December 31, 2022, the Corporation's Common Shares traded on the TSX Venture Exchange.

The following table sets forth, for the periods indicated, the reported high and low trading prices (in Canadian dollars) for each period and the aggregate volume of trading of the Common Shares on the TSX Venture Exchange during the year ended December 31, 2022.

Month	Monthly High Price	Monthly Low Price	Monthly Volume
January	\$2.19	\$1.66	7,220,600
February	\$1.95	\$1.60	6,399,300
March	\$2.16	\$1.61	14,668,500
April	\$1.96	\$1.41	11,315,900
May	\$1.64	\$1.14	9,281,200
June	\$1.60	\$1.13	8,445,900
July	\$1.28	\$0.97	5,079,600
August	\$1.27	\$0.95	4,259,000
September	\$1.21	\$0.87	9,885,100
October	\$1.21	\$0.98	8,175,300
November	\$1.35	\$1.02	5,327,300
December	\$1.61	\$1.22	10,364,100

Prior Sales

Non-Trading Securities – Warrants

The Corporation closed a non-brokered private placement on August 7, 2020 and issued an aggregate total of 12,963,500 Warrants with an exercise price of \$1.75 per Common Share. 12,500,000 of these warrants expired unexercised on August 7, 2022.

In the twelve months ended December 31, 2022, the Corporation did not issue any warrants.

Non-Trading Securities – Options

In the twelve months ended December 31, 2022, the Corporation issued the following Options:

Date of Grant	Number of Options Granted	Exercise Price (C\$)	Expiry Date
January 5, 2022	6,950,000	\$2.05	January 5, 2027
March 11, 2022	1,000,000	\$1.93	February 1, 2027
April 11, 2022	400,000	\$1.76	April 11, 2027
May 26, 2022	100,000	\$1.38	May 26, 2027

As at the date of this AIF, there were 20,046,992 Common Shares issuable upon the exercise of outstanding Options at a weighted average exercise price of C\$1.46 per Common Share. 1,600,000 Options were issued in the period

subsequent to December 31, 2022 to the date of this AIF with an exercise price of C\$1.42 and an expiry date of January 26, 2028 and have a vesting schedule of 1/3 vesting on each of the 1st, 2nd, and 3rd anniversary from the grant date.

Non-Trading Securities – Restricted Share Units and Deferred Share Units

The Corporation had 125,000 RSUs and no DSUs outstanding as at December 31, 2022. The Corporation’s RSU Plan and DSU Plan were reapproved by shareholders at the Corporation’s Annual General Meeting on June 24, 2022.

The Corporation issued 2,864,965 RSUs in the period from December 31, 2022, to the date of this AIF. One third of the RSUs vest on January 26, 2023, one third vest on January 26, 2024 and the final third vest on January 26, 2025. RSUs must be redeemed within 30 days of the vesting date.

The Corporation did not have any DSUs outstanding as at December 31, 2022 but issued 1,080,025 DSUs in the period from December 31, 2022, to the date of this AIF. The DSUs all vest on the first anniversary of the grant date, or January 26, 2024.

Share Ownership by Directors and Executive Officers

As at December 31, 2022, and as at the date of this AIF, the directors and executive officers of the Corporation, as a group, beneficially owned, or exercised control or direction over, directly or indirectly, an aggregate of 5,448,069 Common Shares and 5,448,069 Common Shares, respectively, representing approximately 1.6% and 1.6%, respectively, of the issued and outstanding Common Shares as of such dates.

On a partially diluted basis, assuming the exercise of all Options, RSUs and DSUs the directors and executive officers of the Corporation, as a group beneficially owned, or exercised control or direction over, directly or indirectly, an aggregate of 20,250,269 Common Shares representing approximately 5.8% of the issued and outstanding Common Shares as of December 31, 2022.

As at the date of this AIF, the group beneficially owned, or exercised control or direction over, directly or indirectly, on a partially diluted basis, an aggregate of 25,462,653 Common Shares representing approximately 7.2% of the issued and outstanding Common Shares.

**ESCROWED SECURITIES AND
SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER**

There are no Common Shares currently held in escrow or subject to a pooling agreement or subject to any other contractual restriction on transfer.

Designation of Class	Number of Securities Held in Escrow or That are Subject to a Contractual Restriction on Transfer	Percentage of Class
Common Shares	Nil	0%
Warrants	Nil	0%
Options	Nil	0%
RSUs	Nil	0%
DSUs	Nil	0%

DIRECTORS AND OFFICERS OF THE CORPORATION

As of the date of this AIF, the name, province or state and country of residence, position or office held with the Corporation, and principal occupation for the immediately preceding five years of each of the directors and executive officers of the Corporation are as follows, with all companies listed still carrying on business as of the date hereof unless otherwise noted.

Name, Position, Residence	Principal Occupation for Five Preceding Years	Director Since
TONY MAKUCH ⁽⁴⁾⁽⁸⁾ Ontario, Canada President, CEO and Director	Current President and CEO and prior Interim CEO of Discovery Silver Corp. since June 2022. Chair of the Board of Wallbridge Mining Company Limited since April 2022, previously a board member since December 2019. Former President and CEO of Kirkland Lake Gold Ltd. prior to their merger with Agnico Eagle Mines Limited, from 2016 to 2022.	April 11, 2022
ANTHONY ESPLIN Queensland, Australia COO	COO of Discovery Silver Corp. since April 2022. Executive Managing Director of Barrick Niugini Limited from March 2018 to May 2021 and General Manager and Director of Newmont Suriname from April 2016 to October 2017.	N/A
ANDREAS L'ABBÉ Ontario, Canada CFO and Corporate Secretary	CFO of Discovery Silver Corp. since December 2017 and Corporate Secretary of Discovery Silver Corp. since August 2018. Director of Finance at Tahoe Resources Inc. from October 2015 to May 2017.	N/A
GERNOT WOBER Ontario, Canada VP Exploration	VP of Exploration of Discovery Silver Corp. since July 2018. VP Exploration at Osisko Mining Corp. (formerly Oban Mining Corp.) from January 2015 to June 2018.	N/A
FORBES GEMMELL Ontario, Canada VP Corporate Development	VP of Corporate Development of Discovery Silver Corp. since January 2020. VP of Corporate Development at Guyana Goldfields Inc. from 2015 to 2019.	N/A
ROMAN SOLIS Sonora, Mexico VP Mexico	VP Mexico of Discovery Silver Corp. since January 2023 and previously Country Manager of Discovery Silver Corp. since January 2018.	N/A
MURRAY JOHN ⁽³⁾⁽⁴⁾ British Columbia, Canada Director and Chairman	Retired mining engineer, investment fund manager and mining industry executive. He is also Chairman of Prime Mining Corp., Lead Director of O3 Mining Inc., and a Director of Osisko Gold Royalties Ltd.	June 27, 2017
JEFF PARR ⁽³⁾⁽⁴⁾ Ontario, Canada Director	Vice Chair of the Board of Agnico Eagle Mines Limited and prior to the merger of the two companies, served as Chair of the Board of Kirkland Lake Gold Ltd. from May 2019 and previously Director and Audit Committee Chair. from November 2016 to May 2019.	August 20, 2017
MOIRA SMITH ⁽⁵⁾ Nevada, USA Director	Corporate Technical Advisor for Liberty Gold Corp. since January 2023. Former Vice President, Exploration and Geoscience of Liberty Gold Corp. and President of Pilot Gold USA Inc.	June 26, 2019

Name, Position, Residence	Principal Occupation for Five Preceding Years	Director Since
DANIEL VICKERMAN ⁽³⁾⁽⁶⁾⁽⁷⁾ London, England Director	Senior Vice President, Corporate Development and Director of Blackrock Silver Corp. Former Managing Director, Head of UK of Beacon Securities UK, Formerly Chairman of the Board of Directors of Levon Resources Ltd.	August 2, 2019
JENNIFER WAGNER ⁽⁴⁾⁽⁵⁾⁽⁶⁾ Ontario, Canada Director	Lawyer, former Executive Vice President of Corporate Affairs and Sustainability of Kirkland Lake Gold from March 2021 to March 2022, previously the former SVP Corporate Affairs and VP Legal of Kirkland Lake Gold from 2015 to March 2021.	March 12, 2021

Notes:

- (1) This information, not being within the knowledge of the Corporation, has been furnished by the respective nominees. Information provided as at the date of this AIF.
- (2) The Corporation does not set expiry dates for the terms of office of Directors. Each Director holds office as long as he is elected annually by Shareholders at Annual General Meetings, unless his office is earlier vacated in accordance with the Articles of the Corporation.
- (3) Member of the Audit Committee.
- (4) Member of the Compensation Committee.
- (5) Member of the Sustainability Committee.
- (6) Member of the Nominating and Governance Committee.
- (7) Daniel Vickerman was appointed to the Board of Directors on completion of the acquisition of Levon Resources Ltd. on August 2, 2019.
- (8) Tony Makuch was appointed Interim CEO on June 3, 2022 and appointed President and CEO on January 23, 2023.

The term of office of each of the Corporation’s directors expires at the Corporation’s next Annual General Meeting (“AGM”) at which directors are elected for the upcoming year or when his successor is duly elected, or earlier in accordance with the by-laws of the Corporation. The next scheduled AGM is expected to be held on May 12, 2023.

At the date of this AIF, the number and percentage of securities of each class of voting securities of the Corporation or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by all directors and executive officers of the Corporation are as follows:

Designation of Security	Number of Security Owned by Directors and Officers, as a Group	Percentage of Securities Owned by Directors and Officers, as a Group
Common Shares	5,448,069	1.6%
Warrants	Nil	0%
Options	16,249,700	81.1%
RSUs	2,684,859	89.8%
DSUs	1,080,025	100%

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES, OR SANCTIONS

Except as disclosed below no director or executive officer of Discovery is, as at the date of this AIF, or has been, within 10 years before the date of this AIF, a director, chief financial officer, or chief executive officer of any company (including the Corporation) that:

- (a) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (any such order, an “**Order**”) that was issued while that person was acting in that capacity; or
- (b) was subject to an Order that was issued after that person ceased to act in such capacity and which Order resulted from an event that occurred while that person was acting in that capacity.

No director or executive officer of the Corporation, or shareholder holding a sufficient number of Common Shares to materially affect the control of the Corporation:

- (a) is, at the date of this AIF, or has been within 10 years before the date of this AIF, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his or her assets.

No director or executive officer of the Corporation holding a sufficient number of securities of the Corporation to affect, materially, the control of the Corporation has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

The information contained in this AIF as to ownership of securities of the Corporation, corporate cease trade orders, bankruptcies, penalties, or sanctions, and existing or potential conflicts of interest, not being within the knowledge of the Corporation, has been provided by each director and executive officer of the Corporation individually.

Murray John was a director of African Minerals Limited, a company that through an insolvency process appointed Deloitte LLP as its administrator on March 26, 2015.

CONFLICTS OF INTEREST

Except as disclosed herein, to the knowledge of management of the Corporation, there are no existing or potential material conflicts of interest between the Corporation and any of its subsidiaries and any director or officer of the Corporation. Directors and officers of the Corporation may serve as directors and/or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Corporation or any of its subsidiaries may participate, the directors of the Corporation may have a conflict of interest in negotiating and conducting terms in respect of such participation. If such conflict of interest arises at a meeting of the Board, a director who has such a conflict is required to disclose such conflict and abstain from voting for or against the approval of such participation or such terms.

PROMOTERS

The Corporation has no promoters other than its directors and officers.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Except as otherwise disclosed in this AIF, the Corporation is not currently, and has not at any time during its most recently completed financial year, been a party to, nor has any of its property been the subject of, any material legal proceedings or regulatory actions. The Corporation is not aware of any such proceedings or actions threatened or known to be contemplated.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed in this AIF, no director, executive officer, or shareholder beneficially owning or exercising control or direction over, directly or indirectly, more than 10% of the Common Shares, and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction during the current fiscal year or within the three most recently completed financial years or in any proposed transaction which, in either such case, has materially affected or is reasonably expected to materially affect the Corporation.

TRANSFER AGENT AND REGISTRAR

As of the date of this AIF, the registrar and transfer agent for the Corporation's Common Shares is TSX Trust Company, located at 650 West Georgia Street, Suite 2700, Vancouver, BC V6B 4N9.

MATERIAL CONTRACTS

The only material contracts entered into by the Corporation, during the financial year ended December 31, 2022, and from January 1, 2023, until the date of this AIF, or before the financial year ended December 31, 2022 but which are still in effect, are all in the normal course of business and have therefore not been filed with the Canadian securities regulatory authorities.

INTERESTS OF EXPERTS

The Corporation relies on experts to audit its annual consolidated financial statements, and to prepare mineral resource estimates on certain of the Corporation's mineral properties, and related technical reports.

Qualified Persons

Each of the authors of the following Technical Reports referenced in this AIF is a Qualified Person:

Technical Report	Qualified Person
<i>Cordero Silver Project: NI 43-101 Technical Report & Pre-feasibility Study (Chihuahua State, Mexico)</i> (January 20, 2023)	Tommaso Roberto Raponi, P. Eng. (Ausenco Engineering Canada Inc.) Yaming Chen, P.Geo. (Ausenco Sustainability Canada Inc.) Jonathan Cooper, P.Eng. (Ausenco Sustainability Canada Inc.) Scott Weston, P.Geo. (Ausenco Sustainability Canada Inc.) Gordon Zurowski, P. Eng. (AGP Mining Consultants Inc.) Manuel Jessen, P. Eng. (AGP Mining Consultants Inc.) Daniel Yang, P.Eng. (Knight Piésold Ltd.) Ken Embree, P.Eng. (Knight Piésold Ltd.) Richard Schwering, SME-REM (Hard Rock Consulting, LLC) Jennifer J. (J.J.) Brown, SME-RM (Hard Rock Consulting, LLC).

Based on information provided by the experts as at the date of this AIF, the experts named above did not have any registered or beneficial interest, direct or indirect, in any securities or other property of the Corporation or one of its

associates or affiliates, when the experts prepared their respective reports, and no securities or other property of the Corporation or one of its associates or affiliates were subsequently received or are to be received by such experts.

Auditors

The Corporation's Independent Registered Public Accounting Firm is PricewaterhouseCoopers LLP ("**PwC**"), Chartered Professional Accountants, Licensed Public Accountants, who have issued an independent auditor's report dated March 30, 2023 in respect of the Corporation's consolidated financial statements as at December 31, 2022 and 2021. PwC has advised that it is independent with respect to the Corporation within the meaning of the Chartered Professional Accountants of Ontario CPA Code of Professional Conduct.

BOARD COMMITTEES

The Board has four standing committees: (i) Audit; (ii) Compensation; (iii) Nominating and Corporate Governance; and (iv) Sustainability. Details as to the composition and mandate of the audit committee of the Board (the "**Audit Committee**"), are described in this AIF under the heading "*Information Concerning the Audit Committee and External Auditor*"; details related to the mandates and composition of the Compensation, Nominating and Governance, and Sustainability Committees are described in the Corporation's Information Circular dated May 9, 2022, filed on SEDAR at www.sedar.com.

INFORMATION CONCERNING THE AUDIT COMMITTEE AND EXTERNAL AUDITOR

Audit Committee Charter

The Corporation's Audit Committee has a written charter to follow in carrying out its audit and financial review functions (the "**Audit Committee Charter**"), a copy of which is attached to this AIF as Schedule A. The Audit Committee reviews all financial statements of the Corporation prior to their publication, reviews audits, considers the adequacy of audit procedures, recommends the appointment of independent auditors, reviews and approves the professional services to be rendered by them, and reviews fees for audit services. The Audit Committee meets separately (without management present) with the Corporation's auditors to discuss the various aspects of the Corporation's financial statements and the independent audit.

The Corporation has also adopted a code of business conduct and ethics (the "**Code of Ethics**") that applies to all personnel of the Corporation. A copy of the Code of Ethics is attached as Schedule B to this AIF. Employees of the Corporation are encouraged to report suspected violations of the Code of Ethics to the 'Complaints Officer'. The Complaints Officer is the Chair of the Audit Committee. In addition, the Corporation has established a 24/7, 365 day a year confidential whistleblower hotline operated by an external service provider.

Composition of the Audit Committee

The Audit Committee was constituted on September 13, 2017 by resolution of the Board. As of the date of this AIF, the members of the Audit Committee are Jeffrey Parr, Murray John, and Daniel Vickerman, each of whom is "independent" and "financially literate" for the purposes of National Instrument 52-110 – *Audit Committees*.

Relevant Education and Experience

The following is a description of the education and experience of each Audit Committee member that is relevant to the performance of his or her responsibilities as an Audit Committee member:

Jeffrey Parr

Mr. Parr is a Chartered Professional Accountant (CPA, CA 1984) and holds a Master of Business Administration from McMaster University and a Bachelor of Arts in Economics from the University of Western Ontario. Mr. Parr has over 30 years of executive management experience in the mining and service provider industries. He joined Centerra Gold in 2006 and was appointed Chief Financial Officer in 2008 where he served until his retirement in 2016. From 1997 to 2006 he worked for Acres International as Chief Financial Officer and from 1988 to 1997, held progressively senior financial positions at WMC International (a subsidiary of Western Mining Corporation responsible for operations and exploration in the Americas), ultimately serving as the Corporation's Executive Vice President. He is also Vice Chair of the Board of Directors of Agnico Eagle Mines Limited.

Mr. Parr is a member of the Canadian Institute of Chartered Professional Accountants and has obtained the ICD.D designation from the Institute of Corporate Directors.

Murray John

Mr. John is currently Chairman of Prime Mining Corp., Lead Director of O3 Mining Inc. and Director of Osisko Gold Royalties Ltd. Prior to retirement in December 2014, Mr. John was President and Chief Executive Officer of Dundee Resources Limited, a private resource-focused investment company, and Managing Director and a Portfolio Manager with Goodman Investment Counsel, where he was responsible for managing resource and precious metals focused mutual funds and flow-through limited partnerships. Mr. John is the former President and Chief Executive Officer of Corona Gold Corporation and Ryan Gold Corp. He is also a former director of several other public companies including Breakwater Resources Ltd., Dundee Precious Metals Inc. and Osisko Mining Inc. He has been involved with the resource investment industry since 1992 and has worked as an investment banker, buy-side mining analyst, sell-side mining analyst and portfolio manager. Mr. John graduated from the Camborne School of Mines in 1980 with a B. Sc (Hons) in mining engineering and has extensive industry experience working as a mining engineer for Strathcona Mineral Services Ltd., Nanisivik Mines Ltd. and Eldorado Nuclear Limited. He also received a Master of Business Administration from the University of Toronto in 1992.

Daniel Vickerman

Mr. Vickerman joined the Board through Discovery's Levon Transaction, as described above, where he was Board Chairman. Mr. Vickerman is a seasoned institutional sales and corporate finance professional with 25 years of experience in the financial industry. Mr. Vickerman is currently the Senior Vice President of Corporate Development of Blackrock Silver and formerly, Managing Director, Head of UK of Beacon Securities UK from 2016 to 2019 and former Managing Director, Head of UK for Edgecrest Capital. Prior to joining Edgecrest Capital UK, Mr. Vickerman was Managing Director, Co-Head of Canadian Equity Sales UK at Canaccord Genuity. Mr. Vickerman also formerly worked at Thomas Weisel Partners where he served as Senior Vice President. Daniel spent over four years at a London based Alternative asset manager with over \$400 million AUM, trading commodities and FX. Mr. Vickerman has extensive experience working with mineral exploration and development companies, raising over \$1 billion for private and listed companies. Recently Mr. Vickerman has raised over \$100 million for U.S and Canadian Cannabis companies. He holds a Bachelor of Arts, Economics from the University of Western Ontario.

Auditors

PricewaterhouseCoopers Inc. has been the Corporation's external auditor since September 13, 2017. The Auditors conduct the annual audit of Discovery's consolidated financial statements and on occasion, provides audit-related, tax and other services. The Auditors report to the Audit Committee.

Reliance on Certain Exemptions

Since the commencement of the financial year ended December 31, 2022, Discovery has not relied on any of the following:

- (a) the exemption in section 2.4 of National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”) (De Minimis Non-audit Services);
- (b) the exemption in section 3.2 of NI 52-110 (*Initial Public Offerings*);
- (c) the exemption in section 3.4 of NI 52-110 (*Events Outside Control of Member*);
- (d) the exemption in section 3.5 of NI 52-110 (*Death, Disability or Resignation of Audit Committee Member*);
- (e) an exemption from of NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (*Exemptions*);
- (f) the exemption in subsection 3.3(2) of NI 52-110 (*Controlled Companies*);
- (g) the exemption in section 3.6 of NI 52-110 (*Temporary Exemption for Limited and Exceptional Circumstances*); or

(h) the exemption in section 3.8 of NI 52-110 (*Acquisition of Financial Literacy*).

Audit Committee Oversight

At no time during the fiscal year ended December 31, 2022, or the fiscal year ended December 31, 2021, was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Pre-Approval Policies and Procedures

As of the date of this AIF, the Audit Committee has not adopted specific policies or procedures for the engagement of non-audit services however as a best practice, any non-audit service provided to the date of this AIF has had formal approval by the Audit Committee.

External Auditor Service Fees

The following table shows the fees paid, net of 7% administrative surcharge, by the Corporation to the Auditors for services in the years ended December 31, 2022, and December 31, 2021:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Audit Fees	\$203,745	\$116,587
Audit-Related Fees	\$nil	\$nil
Tax Fees	\$16,927	\$13,375
All Other Fees	\$18,136	\$nil
Total	\$238,809	\$129,962

For 2022, the external auditors have billed work of approximately \$60,000 for annual audit fees that will be paid in 2023 (\$36,273 of billed work from 2021 was paid in 2022).

ADDITIONAL INFORMATION

Additional information, including particulars of directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, where applicable, is contained in the Corporation's Information Circular dated May 9, 2022. Additional financial information is also provided in Audited Financial Statements, and the related MD&A.

A copy of such documents, and of this AIF, as well as additional information relating to the Corporation, is available on SEDAR under the Corporation's profile at www.sedar.com. Copies may also be obtained upon request from the Corporate Secretary of the Corporation. The Corporation may require payment of a reasonable charge if the request is made by a person who is not a holder of securities of the Corporation. Information on the Corporation's website is not part of this AIF or incorporated by reference.

Additional information relating to the Corporation may be found on SEDAR under the Corporation's profile at www.sedar.com.

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SCHEDULE A – AUDIT COMMITTEE CHARTER

This Charter governs the operations of the Audit Committee (the “Committee”) of Discovery Silver Corp. (the “Corporation”).

Purpose

The purpose of the Committee shall be to provide assistance to the Board of Directors (the “Board”) in fulfilling its oversight responsibility to the shareholders of the Corporation, potential shareholders, the investment community and others, relating to: (i) the integrity of the Corporation’s financial statements; (ii) the Corporation’s compliance with legal and regulatory requirements relating to disclosure of financial information and any other matters as may be required; and (iii) the independent auditors’ qualifications and independence.

The Committee shall retain and compensate such outside legal, accounting or other advisors as it considers necessary in discharging its role. In fulfilling its purpose, the Committee shall maintain free and open communication between the Committee, the independent auditors and management of the Corporation, and determine that all parties are aware of their responsibilities.

Composition

- The Committee shall be composed of three or more directors as shall be designated by the Board from time to time.
- Sufficient members of the Committee shall be “independent” and “financially literate” (as such terms are defined under applicable securities laws and exchange requirements for audit committee purposes) so as to comply with applicable securities laws and stock exchange rules.
- Each member of the Committee shall be able to read and understand fundamental financial statements, including a company’s balance sheet, income statement and cash flow statement.
- At least one member of the Committee shall have sufficient experience to be considered a Financial Expert, where such determined by having been a chief financial officer, chartered or certified public accountant, certified management accountant, or partner of an accounting firm.
- Members of the Committee shall be appointed at a meeting of the Board, typically held immediately after the annual shareholders’ meeting. Each member shall serve until his/her successor is appointed unless he/she shall resign or be removed by the Board, or he/she shall otherwise cease to be a director of the Corporation. Any member may be removed or replaced at any time by the Board.
- Where a vacancy occurs at any time in the membership of the Committee, it may be filled by a vote of a majority of the Board.
- The Chair of the Committee may be designated by the Board or, if it does not do so, the members of the Committee may elect a chair by vote of a majority of the full Committee membership. The Chair of the Committee shall be an independent director (as described above); the position of Chair of the Committee shall not be filled by the current Chair of the Board.
- If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee present at the meeting shall be chosen by the Committee to preside.
- The Committee shall appoint a secretary (the “**Secretary**”) who need not be a member of the Committee or a director of the Corporation. The Secretary shall keep minutes of the meetings of the Committee. This role is normally filled by the Secretary of the Corporation.
- No Committee member shall simultaneously serve on the audit committee of more than two other public companies with active business operations or significant assets.

Meetings

- The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements, provided that meetings of the Committee shall be convened whenever requested by the external auditors (the “**Independent Auditors**”) or any member of the Committee.
- The Chair of the Committee shall prepare and/or approve an agenda in advance of each meeting.
- Notice of the time and place of every meeting may be given orally, in writing, by facsimile or by e-mail to each member of the Committee at least 48 hours prior to the time fixed for such meeting.
- A member may in any manner waive notice of the meeting. Attendance of a member at the meeting shall constitute waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called.
- Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.
- A majority of Committee members, present in person, by video-conference, by telephone or by a combination thereof, shall constitute a quorum.
- If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the second adjourned meeting a quorum as hereinbefore specified is not present, the quorum for the adjourned meeting shall consist of the members then present.
- If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.
- At all meetings of the Committee, every question shall be decided by a majority of the votes cast. In case of an equality of votes, the matter will be referred to the Board for decision. Any decision or determination of the Committee reduced to writing and signed by all of the members of the Committee shall be fully effective as if it had been made at a meeting duly called and held.
- The CEO and CFO are expected to be available to attend meetings, but a portion of every meeting will be reserved for in camera discussion without the CEO or CFO, or any other member of management, being present.
- The Committee may by specific invitation have other resource persons in attendance such officers, directors and employees of the Corporation and its subsidiaries, and other persons, including the Independent Auditors, as it may see fit, from time to time, to attend at meetings of the Committee.
- The Board may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.
- The Committee shall have the right to determine who shall and who shall not be present at any time during a meeting of the Committee.
- Minutes of Committee meetings shall be sent to all Committee members.
- The Chair of the Committee shall report periodically the Committee’s findings and recommendations to the Board.

Duties and Responsibilities

The Committee has the responsibilities and powers set forth in this Charter. Management is responsible for the preparation, presentation and integrity of the Corporation's financial statements, for the appropriateness of the accounting principles and reporting policies that are used by the Corporation and for implementing and maintaining internal control over financial reporting. The Independent Auditors are responsible for auditing the Corporation's financial statements and, if requested by the Committee, for reviewing the Corporation's unaudited interim financial statements.

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the Independent Auditors as well as any officer of the Corporation, or legal counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Corporation and has the authority to retain, at the expense of the Corporation, special legal, accounting, or other consultants or experts to assist in the performance of the Committee's duties.

The Corporation believes that, in carrying out the Committee's responsibilities, its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The Committee will take appropriate actions to set the overall corporate "tone" for quality financial reporting and ethical behaviour.

The following shall be the principal duties and responsibilities of the Committee and the Chair of the Committee (the "Chair"). These are set forth as a guide with the understanding that the Committee may supplement them as it considers appropriate.

A. Chair

To carry out its oversight responsibilities, the Chair of the Committee shall undertake the following:

- provide leadership to the Committee with respect to its functions as described in this Charter and as otherwise may be appropriate, including overseeing the logistics of the operations of the Committee;
- chair meetings of the Committee, unless not present (including in camera sessions), and report to the Board following each meeting of the Committee on the findings, activities and any recommendations of the Committee;
- ensure that the Committee meets on a regular basis and at least four times per year;
- in consultation with the Committee members, establish a calendar for holding meetings of the Committee;
- establish the agenda for each meeting of the Committee, with input from other Committee members, and any other parties, as applicable;
- ensure that Committee materials are available to any director on request;
- act as liaison and maintain communication with the Chair of the Board (or Lead Director if an individual other than the Chair) and the Board to optimize and coordinate input from Board members, and to optimize the effectiveness of the Committee. This includes, at least annually and at such other times and in such manner as the Committee considers advisable, reporting to the full Board on:
 - all proceedings and deliberations of the Committee;
 - the role of the Committee and the effectiveness of the Committee in contributing to the objectives and responsibilities of the Board as a whole; and
 - principal operating and business risks identified by management and how each are either mitigated or managed.
- ensure that the members of the Committee understand and discharge their duties and obligations;
- foster ethical and responsible decision making by the Committee and its individual members;

- encourage Committee members to ask questions and express viewpoints during meetings;
- together with the Corporate Governance and Nominating Committee, oversee the structure, composition, membership and activities delegated to the Committee from time to time;
- ensure that resources and expertise are available to the Committee so that it may conduct its work effectively and efficiently and pre-approve work to be done for the Committee by consultants;
- facilitate effective communication between members of the Committee and management;
- encourage the Committee to meet in separate, regularly scheduled, non-management, closed sessions with the Independent Auditors;
- attend each meeting of shareholders to respond to any questions from shareholders as may be put to the Chair; and
- perform such other duties and responsibilities as may be delegated to the Chair by the Board from time to time.

B. Committee

- The Committee shall be responsible for advising the Board, for the Board's recommendation to shareholders, in respect of the appointment, compensation and retention of the Independent Auditors.
- The Committee shall be directly responsible for the oversight of the work of the Independent Auditors (including resolution of any disagreements between management and the auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation, and the Independent Auditors must report directly to the Committee.
- At least annually, the Committee shall obtain and review a report by the Independent Auditors describing: (i) the firm's internal quality control processes; (ii) any sanctions made by any government or professional authorities respecting independent audits carried out by the firm and any steps taken to deal with any such issues; and (iii) all relationships between the Independent Auditors and the Corporation.
- After reviewing the foregoing report and the Independent Auditors' work throughout the year, and after receiving written confirmation from the auditors declaring their independence, the Committee shall evaluate the auditors' qualifications, performance and independence. Such evaluation shall include the review and evaluation of the lead partner of the Independent Auditors and take into account the opinions of management and any other Corporation personnel involved in the preparation of the Corporation's financial statements.
- The Committee shall determine that the Independent Auditors have a process in place to address the rotation of the lead audit partner and other audit partners servicing the Corporation's account as required under Canadian independence standards.
- The Committee shall pre-approve all audit and non-audit services provided by the Independent Auditors and shall only engage the Independent Auditors to perform non-audit services permitted by law or regulation. The Committee may delegate pre-approval authority to a member of the Audit Committee. The decisions of any Committee member to whom pre-approval authority is delegated must be presented to the full Committee at its next scheduled meeting.
- The Committee shall discuss with the Independent Auditors the overall scope and plans for their respective audits, including the adequacy of staffing and compensation, as well as any procedures relating to attestation on the Corporation's Extractive Sector Transparency Measures Act ("ESTMA") reporting.
- The Committee shall regularly review with the Independent Auditors any audit problems or difficulties encountered during the course of the audit work, including any restrictions on the scope of the Independent Auditors' activities or access to requested information, and management's response. The Committee shall also review with the auditors: any accounting adjustments that were noted or proposed by the auditors but were "passed" (as immaterial

or otherwise); any communications between the audit team and the audit firm's national office relating to problems or difficulties encountered with respect to significant auditing or accounting issues; and any "management" or "internal control" letter issued, or proposed to be issued, by the audit firm to the Corporation.

- The Committee shall review and recommend approval of the quarterly financial statements for submission to the Board, as well as the related management's discussion and analysis of financial condition and results of operations ("MD&A"), prior to the release and filing thereof. The Committee shall also discuss with the independent auditors the results of the auditors' quarterly review or other involvement in the preparation of the quarterly statements, as well as any other matters required to be communicated to the Committee by the independent auditors under applicable professional guidelines. The Committee shall discuss and review with management the quarterly certification with respect to financial matters mandated by applicable securities laws.
- The Committee shall review and recommend approval of the annual audited financial statements for submission to the Board, as well as the related MD&A, prior to the release and filing thereof. The Committee's review of the financial statements shall include: (i) consideration of any major issues regarding accounting principles and financial statement presentation, including any significant changes in the Corporation's selection or application of accounting principles, any major issues as to the adequacy of the Corporation's internal controls and any specific remedial actions adopted in light of material control deficiencies; (ii) discussions with management and the Independent Auditors regarding significant financial reporting issues and judgments made in connection with the preparation of the financial statements and the reasonableness of those judgments; (iii) consideration of the effect of regulatory accounting initiatives, as well as off-balance sheet structures on the financial statements; (iv) consideration of the judgment of both management and the Independent Auditors about the quality of accounting principles; and (v) consideration of the clarity of the disclosure in the financial statements. The Committee shall also discuss with the Independent Auditors the results of the annual audit and any other matters required to be communicated to the Committee by the Independent Auditors under applicable professional guidelines. The Committee shall discuss and review with management the annual certification with respect to financial matters mandated by applicable securities laws.
- The Committee shall also receive and review a report from the Independent Auditors, prior to the release and filing of the Corporation's annual audited financial statements, on all critical accounting policies and practices of the Corporation, any potential alternative treatment of financial information within generally accepted accounting principles that have been discussed with management, including the ramifications of the use of such alternative treatment for the disclosure in the financial statements and the treatment preferred by the Independent Auditors, and all other material written communications between the Independent Auditors and management.
- The Committee shall review and approve all related party transactions not in the ordinary course of business in the absence of a special committee of the Board of Directors designated for such function.
- The Committee shall review all earnings press releases before they are issued and shall ensure that adequate procedures are in place for the review of any other public disclosure of financial information extracted or derived from the Corporation's financial statements.
- The Committee shall discuss with management and the Independent Auditors the adequacy and effectiveness of internal control over financial reporting, including any significant deficiencies or material weaknesses identified by management or the auditors in light of applicable securities laws requirements.
- The Committee shall review the results of procedures undertaken by the Independent Auditors relating to ESTMA reporting, and receive and review the auditor's reporting thereon.
- The Committee shall review with management the Corporation's compliance systems in light of applicable legal and regulatory requirements.
- The Committee shall review periodically with management the risk of the Corporation being subject to fraud and the controls in place to manage such risk.

- The Committee shall review financial summaries and disclosures made in accordance with the ESTMA, including but not limited to attestation reports made by a director or officer of the Corporation that the information in the report is true, accurate and complete in all material respects and that reasonable diligence has been exercised.
- The Committee shall ensure that the Corporation establish appropriate policies and procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- The Committee shall ensure that the Corporation has in effect clear hiring policies for partners, employees and former partners and employees of the Corporation's present and former Independent Auditors that meet applicable legal and regulatory requirements.
- The Committee shall, with the assistance of management, determine the appropriate funding needed by the Committee for payment of: (i) compensation to the independent audit firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation; (ii) compensation to any advisers employed by the Committee; and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
- To the extent the Corporation maintains an internal audit function, the Committee shall meet periodically with the internal auditors to discuss the overall scope and plans for the internal audit function, including approval of its mandate, and the adequacy and effectiveness of the Corporation's internal controls.
- The Committee shall ensure that the policies established pursuant to the Charter are communicated to the Board, the Corporation's management and employees and other parties as may be appropriate and to the best of its ability shall ensure that such policies are implemented by the audit committees of subsidiary companies where appropriate. The Committee shall also ensure that the necessary follow-up is undertaken with such other audit committees.
- The Committee shall perform an evaluation of its performance at least annually to determine whether it is functioning effectively.
- The Committee shall review and reassess the Charter at least annually.

Adoption

This Charter was adopted by the Board on December 12, 2017.

Amended: N/A.

Reviewed and approved by the Board annually. Most recent review and approval: March 29, 2023.

SCHEDULE B – CODE OF BUSINESS CONDUCT AND ETHICS

Introduction

The Code of Business Conduct and Ethics (the “Code”) has been adopted by the Board of Directors of Discovery Silver Corp. (the “Corporation” or the “Company”). This Code embodies the commitment of the Company and any subsidiaries, whether wholly or partially owned (collectively, “Discovery Silver”) to conduct its business in accordance with all applicable laws, rules and regulations and high ethical standards. The actions of all Discovery Silver Directors, Officers, Management and employees shall reflect honesty, integrity and impartiality that is beyond doubt and that all business should be done in a manner that:

- (a) complies with applicable laws, rules and regulations;
- (b) avoids conflicts of interest;
- (c) protects confidential information, in accordance with the Corporation’s confidentiality policy; and
- (d) adheres to good disclosure practices, in accordance with applicable legal and regulatory requirements.

To demonstrate our determination and commitment, the Company asks each Director, Officer and employee to review the Code periodically. Take the opportunity to discuss with management any circumstances that may have arisen that could be an actual or potential violation of these ethical standards of conduct.

Discovery Silver encourages all Directors, Officers, Management and employees to submit good faith complaints or concerns regarding Ethical Concerns as defined in the Whistle Blower Policy presented in this Manual of the Corporation without fear of reprisal.

The Company has a 24/7, 365 day a year confidential whistleblower hotline operated by an external service provider. You can report any violations of the Code through IntegrityCounts. This service is:

- Anonymous
- Easy to Use
- Immediate
- Bilingual Services (English and Spanish)
- Phone and web-based (email or website reporting)

WITHIN CANADA AND THE US DIAL 1-866-921-6714, 24 hours a day, 365 days a year.

WITHIN MEXICO DIAL 800-099-0642, 24 hours a day, 365 days a year.

EMAIL: DiscoverySilverCorp@integritycounts.ca

WEB: <https://app.integritycounts.ca/org/DiscoverySilverCorp>

If reporting via phone, you will be connected to the first available Call Assistant. You may give your name, or choose to remain anonymous. You will be given a personal Caller Identification Number (CIN), the only identification you will require when making subsequent calls to IntegrityCounts.

IntegrityCounts is an interactive service that puts you in touch with independent, trained professional assistants when you need help with sensitive information or issues relating to your place of employment. This includes issues such as:

- Fraud/Theft
- Discrimination
- Ethics Violations
- Substance Abuse
- Workplace Violence
- Harassment
- Conflicts of Interest
- Violations of Regulations
- Safety/Security Violations
- Malicious Property Damage

- Falsification of Company Records
- Release of Proprietary Information

What Happens After You Make the Call?

The Call Assistant will create a report with all pertinent information about the call and forward it to the appropriate authority. Reports received by IntegrityCounts will be sent to the Chair of the Audit Committee, the Chair of the Nominating and Corporate Governance Committee, or the Chair of the Board of Directors of the Company should the first two be implicated in the report. Discovery Silver takes these reports very seriously and will take the appropriate action to address the situation.

Reference should be made to the Company's *Whistleblower Policy*.

Those who violate the standards in this Code will be subject to disciplinary action, up to and including termination. If a situation exists or arises where an employee is in doubt, the Officers, Management, or employee should seek the advice from a member of the Board.

1. Compliance with Laws, Rules and Regulations

Discovery Silver is committed to compliance with all applicable laws, rules, and regulations in each jurisdiction in which it does business. All Directors, Officers, Management and employees must respect and obey the laws, rules and regulations of the cities, states and countries in which we operate. Employees, Officers and Directors should educate themselves on the laws, rules and regulations that govern their work, and seek advice from supervisors, managers or other appropriate individuals at the Corporation.

Employees, Officers and Directors who have access to confidential information are not permitted to use or share that information for stock trading purposes or for any other purpose except the conduct of our business. All non-public information about Discovery Silver (or about any other company) should be considered confidential information. To use non-public information for personal financial benefit or to "tip" others, including family members, who might make an investment decision on the basis of this information, is not only unethical but also illegal. Discovery Silver has adopted Confidentiality and Securities Trading Policy in order to prevent improper trading of securities of the Corporation and the improper communication of undisclosed material information. All Directors, Officers, Management and employees are expected to thoroughly understand and comply with such policy.

2. Responsibility for the Code

The Secretary of the Corporation maintains the Code and, with Management, is responsible for putting it into practice throughout the Corporation and monitoring its effectiveness. The Board must approve any changes to the Code before they can be made and put into practice.

3. Filing of Government Reports

Any reports or information provided by the Corporation, or on the Corporation's behalf, to federal, provincial, territorial, state, local or foreign governments must be true and accurate. All Directors, Officers, Management and employees are required to assist the Corporation in providing true and accurate reports and information. Any omission, misstatement or lack of attention to detail could result in a violation of the reporting laws, rules and regulations.

4. Bribes & Kickbacks

Bribes and kickbacks are common examples of unethical business practices. It is unethical to offer money or any type of reward to a government official, outside contractor, supplier or anyone else, directly or indirectly, in order to obtain or retain an improper advantage. If anyone takes part in these kinds of practices or any other unethical business practices, they not only violate this Code, but they also damage the Corporation's

reputation and put themselves, the Corporation and its Directors and Officers at risk of fines, charges and possibly incarceration.

When dealing with government representatives or officials and private parties, no improper payments will be tolerated. If anyone becomes aware of or receives any solicitation for, or offer of, money or a gift, that is intended to influence an official decision or business decision inside or outside the Corporation, it should be reported immediately to the CEO and the Chair of the Audit Committee.

5. Corruption of Foreign Public Officials Act

The Corruption of Foreign Public Officials Act (Canada), the *Criminal Code* (Canada), the General Law of Administrative Responsibilities (Mexico), the Code of Ethics for Public Servants of the Federal Government (Mexico), the Mexican Federal Criminal Code and the various Criminal Codes of Mexico's states contain certain prohibitions with respect to giving anything of value, directly or indirectly, to foreign government officials or certain other individuals in order to obtain, retain or direct business for or to any person. Accordingly, corporate funds, property or anything of value may not be, directly or indirectly, offered or given by a Director, Officer, Management or employee or an agent acting on the Corporation's behalf to a government official or employee, employee or agent of a state-owned or controlled enterprise, employee or agent of a public international organization, political party or official or any candidate for political office, including any family member or household member of any of the above, for the purpose of influencing any act or decision of such party or person or inducing such party or person to use his or her influence or to otherwise secure any improper advantage, in order to assist in obtaining or retaining business for, or directing business to, any person.

6. Conflicts of Interest

All Directors, Officers, Management and employees have an obligation to act in the best interests of Discovery Silver. Conflicts of interest can occur when a Director, Officer, Management or employee has a private interest in the outcome of a decision, or takes actions that make it difficult to perform his or her work objectively and effectively. Conflicts of interest may also arise when a Director, Officer, Management or employee (or immediate family member), receives improper personal benefits as a result of the position of such Director, Officer, Management or employee with the Corporation. Loans to, or guarantees of obligations of, Directors, Officers, Management or employees and their family members may create conflicts of interest. All employees shall not engage in any outside work or business undertaking that interferes with the performance of their duties as employees of Discovery Silver and are not allowed to work for a competitor or potential competitor as an employee, consultant or Board member unless specifically authorized by the Chair of the Board for senior management or Board member conflicts and by the CEO or other senior management for all lower-level conflicts.

The Corporation respects the right of Officers and Directors to take part in financial, business or other activities outside of their position with Discovery Silver; however, they must not serve as Officers or Directors, or work as employees or consultants for, a direct competitor or an actual or potential business partner of Discovery Silver without prior approval of the Chair of the Board.

Discovery Silver Directors, Officers, Management or employees may not invest in or trade in shares of a direct competitor or an actual or potential business partner of the Corporation where such investment or trading may appear or tend to influence business decisions or compromise independent judgment. This prohibition does not apply to shares of a publicly traded company where such investment or trading relates to less than five percent of its issued shares. However, investing or trading in Discovery Silver's competitors or business partners remains subject to applicable laws and regulations regarding insider trading, including prohibitions against trading in possession of material non-public information regarding such companies, whether such information is gained in the course of employment with Discovery Silver or otherwise. Discovery Silver Directors, Officers, Management or employees must abide by the Company's Confidentiality and Insider Trading Policy.

Conducting Company business with a relative or significant other, or with a business in which a relative or significant other is associated in any significant role is a subset of conflicts of interest. However, such transactions may still be in the best interest of the Company and therefore permissible, provided that the decision process is fair and transparent, conflicts of interest are avoided, and pre-approval of the transaction is obtained from the CEO, or his/her delegate or in the situation where the CEO is associated with such transaction, the Chair of the Board. All requests for pre-approvals will be assessed with on a case by case basis. Any transaction involving a Board member or an Officer of the Company will require pre-approval and disclosure of such transaction to the Chair of the Board, or the Chair of the Corporate Governance Committee if the transaction involves the Chair of the Board. In addition, the Company is required to disclose related party transactions under applicable accounting rules and securities regulations.

When it comes to the employment of relatives or significant others, the Company discourages the employment of relatives and significant others in positions or assignments within the same department, and prohibits the employment of such individuals in positions that have financial dependence or influence (i.e. auditing or control relationship, or a supervisor/subordinate relationship).

Relatives include spouse, sister, brother, daughter, son, mother, father, grandparents, step relationships and in-laws. Significant others include persons living in a spousal or familial fashion with an employee, consultant, officer or director.

If a conflict of interest exists, and there is no failure of good faith on the part of the Director, Officer, Management or employee, the Corporation may allow a reasonable amount of time for the Director, Officer, Management or employee to correct the situation in order to prevent undue hardship or loss. However, all decisions in this regard will be in the discretion of the Chair of the Board for senior management or Board member conflicts of interest and the CEO or other senior management for lower-level conflicts of interest. The Chair of the Board, the CEO and senior management's primary concern in exercising such discretion will be in the best interests of Discovery Silver.

If you are aware of a conflict or potential conflict of interest, as an employee you should bring the matter to the attention of a supervisor or manager. If you are aware of a conflict or potential conflict as a Director, Officer, Management or employee, you should promptly bring the matter to the CEO, the Chair of the Audit Committee, the Chair of the Corporate Governance and Nominating Committee and/or the Chair of the Board.

7. Confidentiality

To avoid a breach of confidentiality, all Directors, Officers, Management or employees should maintain all confidential information in strict confidence, except when disclosure is authorized by Discovery Silver or legally mandated. Confidential information includes, among other things, any non-public information concerning Discovery Silver, including its business, financial performance, results or prospects, and any non-public information provided by a third party with the expectation that the information will be kept confidential and used solely for the business purpose for which it was conveyed. The obligation to keep information confidential also extends beyond employment or directorship with Discovery Silver.

You are prohibited from sharing confidential information about the Company with anyone outside the Company, verbally, in writing, including through personal social media platforms. You are also prohibited from making any statements to the media about the Company without the permission of executive management.

The Company has exclusive rights to all confidential and proprietary information regarding the Company. You are responsible for safeguarding Company information and complying with security controls and procedures. All documents, records, notebooks, notes, memorandums and similar repositories of information containing confidential information relating to the Company or our operations and activities, made or compiled by the officers, directors or employees of the Company, including yourself, belong to the Company and shall be held in trust by you solely for the benefit of the Company. Such material shall also be delivered

to the Company by you on the termination of your association with the Company or at any other time the Company requests.

Reference should be made to the Company's *Disclosure Policy* and *Confidentiality and Insider Trading Policy*.

8. Fraud Prevention

Fraud happens when someone acts dishonestly to make money illegally or to get an unfair advantage. Examples include stealing, forgery, identity theft, misuse of assets, taking kickbacks and making false reports.

Discovery Silver does not tolerate fraud. You must report any suspected fraud to your manager. If this creates a conflict for you, contact the Corporate Secretary, or you can report your suspicion anonymously through IntegrityCounts. You will be protected from any form of punishment or retaliation when you honestly report suspected cases of fraud. Retaliation for reporting an offence may be illegal under applicable law and is prohibited under this Code.

9. Corporate Opportunities

Directors, Officers, Management or employees are prohibited from taking for themselves, personally or for the benefit of others, opportunities that are discovered through the use of corporate property, information or position, except to the extent that a waiver has been granted under Section 21 of this Code. No Director, Officer, Management or employee may use corporate property, information, or position for improper personal gain or for the improper personal gain of others, and no Director, Officer, Management or employee may compete with the Corporation directly or indirectly. Directors, Officers, Management and employees owe a duty to the Corporation to advance the Corporation's interests when the opportunity to do so arises.

10. Protection and Proper Use of Corporation Assets

All Directors, Officers, Management and employees should protect Discovery Silver's assets and ensure their efficient use. Discovery Silver's assets should be protected from loss, damage, theft, misuse, and waste. Corporation assets include your time at work and work product, as well as Discovery Silver's equipment and vehicles, computers and software, trading and bank accounts, Corporation information and Discovery Silver's reputation, trademarks and name. Discovery Silver's telephone, email, voicemail and other electronic systems are primarily for business purposes. Personal communications should be kept to a minimum. Unauthorized use or distribution of this information would violate this Code. It is also illegal and could result in civil or even criminal penalties.

11. Competition and Fair Dealing

Each Director, Officer, Management and employee should endeavor to deal fairly with Discovery Silver's counterparties, suppliers, competitors and employees. Discovery Silver seeks to outperform its competition in a fair and honest manner. No Director, Officer, Management or employee should take unfair advantage of anyone through unlawful manipulation or concealment, abuse of privileged information, misrepresentation of material facts or any other intentional unfair-dealing practice. Each Director, Officer, Management and employee is required to maintain impartial relationships with Corporation suppliers and customers. Any gifts provided to Corporation suppliers and customers must not be excessive in value, and must be approved in advance by the CEO or Chair of the Board.

12. Corporate Disclosure

The Company endeavors to ensure that at all times our public disclosure is timely, complete, accurate and balanced. Avoiding any misrepresentation of our operations or finances is critical to our relationship with our investors. Proper reporting of reliable, truthful and accurate information is a complex process involving the cooperation among many of us. We must all work together to ensure that reliable, truthful and accurate

information is disclosed to the public. The Company must disclose to the applicable Canadian securities regulatory authorities' information that is required, and any additional information that may be necessary to ensure the required disclosures are not misleading or inaccurate. The Company requires you to participate in the disclosure process in accordance with the *Disclosure Policy* which is overseen by the Disclosure Committee appointed in accordance with such policy. Participation in the disclosure process is a requirement of a public company, and full cooperation with the members of the Disclosure Committee and other Officers, Management and employees in the disclosure process is a requirement of this Code.

Information about our mineral reserves and resources, operating results, financial statements and corporate activities must be treated as confidential until the Company makes the determination to disclose it.

If you are involved in preparing information that is to be publicly disclosed on behalf of the Company, you must follow our disclosure and financial reporting controls and procedures, as well as securities laws and regulations.

No one is authorized to release any public disclosure documents on behalf of the Company until such disclosure has been reviewed and approved by the Company's Disclosure Committee in accordance with the Company's *Disclosure Policy* and *Confidentiality and Insider Trading Policy*.

Only authorized spokespersons have authority to speak publicly about the Company, our activities and our securities. Unless you are specifically authorized, do not create the impression that you are speaking for the Company. This includes social media channels such as Facebook, LinkedIn, Twitter and YouTube. Refer all enquiries from shareholders, analysts and the media to one of our authorized spokespersons.

Reference should be made to the Company's *Disclosure Policy* and *Confidentiality and Insider Trading Policy* for more information.

13. Financial Reporting And Administration

The Company strictly adheres to all applicable securities laws, regulations, accounting standards, accounting controls, audit practices and keeps proper records to meet our legal and financial obligations and to manage our business.

If you prepare a financial report for shareholders and the public, it must fairly present the information and follow international financial reporting standards as well as all applicable laws and regulations. If you have any responsibility for creating or keeping records, ensure they are accurate and complete, and that you follow the corporate procedures relevant to your job. Never falsely record information about Company assets or hide information about assets, liabilities, revenues or expenses. Inaccurate financial reports can bring stiff penalties and prosecutions under securities and criminal laws.

If you have any concerns about our accounting or auditing practices you should report them to your manager, or if this would create a conflict for you, to the Chair of the Audit Committee of the Company's Board of Directors directly. You can also report anonymously through IntegrityCounts, the Company's whistleblower hotline. The Audit Committee is responsible for ensuring that all such concerns are appropriately dealt with.

Anyone from outside the Company can also report a concern. If you receive a concern from someone outside the Company, report it promptly to the Chair of the Audit Committee of the Company's Board of Directors directly, or through the IntegrityCounts, our anonymous whistleblower hotline.

HOW TO REPORT A CONCERN ABOUT AN ACCOUNTING PRACTICE

Report your concern in confidence to the Chair of the Audit Committee by sending a sealed letter by mail (or other delivery) addressed to:

Discovery Silver Corp.
Suite 701 – 55 University Avenue
Toronto, Ontario
M5J2H7

PRIVATE AND STRICTLY CONFIDENTIAL
ATTENTION: CHAIR OF THE AUDIT COMMITTEE

OR

Report your concern anonymously by phone, email or web through IntegrityCounts.

14. Workplace Violence Prevention

The Company prohibits all acts of physical, verbal or written aggression or violence. This applies whether the aggression is committed by one employee against another, or against anyone else an employee comes in contact with when carrying out his or her responsibilities.

You must report any act, or threatened act, of violence to a manager or to the Company's security personnel. In situations of imminent danger, call the police or local emergency services and then security personnel. If the danger seems less imminent, take note of the facts and then report the incident to the Company's security personnel:

Who was involved?
Where and when did the incident take place?
Were there any witnesses?

Violence of any kind is not tolerated and will result in disciplinary measures up to and including termination.

15. Respectful Workplace

You have the right to work in a place that encourages equal opportunity and prohibits discrimination. The Company does not allow any sort of harassment at Discovery Silver. Harassment is a comment or conduct that is known (or should be known) to be unwelcome or offensive to a reasonable person. There shall be no discrimination against any employee, consultant, officer, director or applicant because of race, ancestry, place of origin, political belief, religion, marital status, family status, financial status, physical or mental disability, sex, sexual orientation or age.

Reference should be made to the *Human Rights, Diversity, and Inclusion Policy*.

16. Alcohol, Drugs And Other Substances

You are required to be fit at all times to perform all of your assigned duties.

The use, sale, unlawful possession, manufacture or distribution of alcohol and illicit or recreational drugs or non-prescribed medications for which a prescription is legally required, whether on Company work premises or other work locations, is strictly prohibited and will result in disciplinary measures up to and including termination.

17. Employee Harassment and Discrimination

Discovery Silver is committed to fair employment practices in which all individuals are treated with dignity and respect. The Corporation will not tolerate any type of illegal discrimination or harassment. Discovery Silver expects that all relationships among persons in the workplace will be professional and free of bias and harassment.

18. Use Of Computer Systems, Email, Internet And Social Media

Our computer systems, email and internet are for business use. The information you view and share – whether for business or personal use – must be appropriate, respectful and according to our policies. Except for limited personal use of the Company’s telephones, tablets, mobile devices and computers, such equipment may only be used for business purposes. Officers and employees should not expect a right to privacy of their email, Internet or network use. All communications, e-mails or Internet use on Company equipment or networks may be subject to monitoring by the Company for legitimate business purposes.

You shall not participate in, host or link to chat rooms, blogs, social networking sites or bulletin boards in relation to Company corporate matters. Only the Management responsible for investor relations, or other Authorized Spokespersons from time to time authorized with the express written permission of the Management responsible for investor relations, may post on the Company’s social media pages.

Reference should be made to the Company’s *Disclosure Policy*.

19. Environmental, Safety, and Occupational Health Practices

Discovery Silver believes that sound environmental, safety and occupational health management practices are in the best interests of the Corporation, its employees, its shareholders and the communities in which it operates. Discovery Silver is committed to conducting its business in accordance with recognized industry standards and to meeting or exceeding all applicable environmental and occupational health and safety laws and regulations. Achieving this goal is the responsibility of all Directors, Officers, Management and employees.

We are all accountable for safety. No job is so important that we cannot take the time to do it safely. Check the Company’s safety, health and environmental policies and procedure documents for the principles we follow on workplace health and safety.

Report any actual or potential safety or health risks you discover at work to your manager or to executive management. If you are uncomfortable speaking to someone in the Company directly or if you wish to report your concerns anonymously, you can also report your concerns through IntegrityCounts.

20. Consequences for Violating the Code

You could be reprimanded, demoted, suspended or even dismissed if you do not follow this Code. Not following a policy document referred to in this Code will be treated as a violation of this Code.

Report any concerns regarding a violation or potential violation of this Code to your manager, to human resources, or to the Corporate Secretary. If you prefer, you can report your concern anonymously through IntegrityCounts, which is available 24/7 and is operated by an external service provider.

You are protected from any form of retaliation or punishment when you report a concern honestly and with the right intentions. Your manager and anyone else in the Company will face serious consequences if they try to punish you in any way for reporting a concern.

If you believe you are being punished in some way for reporting a concern, you should report this to your manager, human resources, the Corporate Secretary or through IntegrityCounts, whichever is most appropriate or comfortable for you.

Investigations

The Company will investigate behavior that may violate the law, the Code, or that may otherwise harm Discovery Silver's reputation. You are required to cooperate in the investigation. Interference with the investigation is prohibited and is a violation of the Code. You must not destroy records or information related to the investigation, lie or misrepresent facts, attempt to discover the identity of others cooperating in the investigation, disclose information to unauthorized individuals, or retaliate against anyone involved in the investigation.

The Company strives to maintain confidentiality to the greatest degree possible. Information provided or discovered in the course of an investigation will only be disclosed as necessary.

The Audit Committee will oversee the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters and will annually review the systems in place for the confidential, anonymous submission by employees of concerns regarding such matters. If a violation concerns a member of the Audit Committee, the investigation will be conducted under the guidance of the Nominating and Governance Committee of the Board.

Discipline for Non-Compliance with this Code

Disciplinary actions for violations of this Code can include oral or written reprimands, suspension or termination of employment or a potential civil lawsuit against you. The violation of laws, rules or regulations, which can subject the Company to fines and other penalties, may result in your criminal prosecution.

21. Waivers of the Code

From time to time, Discovery Silver may waive certain provisions of this Code. Waivers generally may only be granted by the Chair of the Board. However, any waiver of the provisions of this Code for Officers, Directors, including the CEO and CFO may be made only by the Board or a Board Committee and will be disclosed to shareholders as required by applicable rules and regulations.

22. Code Review

The Nominating and Corporate Governance Committee will annually review and reassess the adequacy of this Code and submit any recommended changes to the Board for approval.

Policies Referenced in this Code

Confidentiality and Insider Trading Policy
Whistleblower Policy
Human Rights, Diversity and Inclusion Policy

Anti-Bribery and Anti-Corruption Policy
Disclosure Policy

Adoption

This Policy was adopted by the Board on December 12, 2017.
Amended and approved by the Board on November 25, 2020.
Amended and approved by the Board on November 23, 2022.

CONTACT INFORMATION

If you need advice, or if you know of or suspect any violations of this Code, you should first consider speaking to your manager. If you are not comfortable doing this, or you are not satisfied with the response you receive, there are several other ways to report your concern.

WAYS TO SEEK ADVICE OR REPORT CONCERNS

- Audit Committee of the Board - Write to:

*Attention: Chair of the Audit Committee
Private and Strictly Confidential
Suite 701 – 55 University Avenue
Toronto, Ontario
M5J 2H7*

- Executive Officers
 - Chief Executive Officer or Chief Financial Officer

*Attention: CEO or CFO
Private and Strictly Confidential
Suite 701 – 55 University Avenue
Toronto, Ontario
M5J 2H7*

- IntegrityCounts
 - From Canada and the US Dial 1-866-921-6714, 24 hours a day, 365 days a year.
 - From Mexico Dial 800-099-0642, 24 hours a day, 365 days a year.
 - Email: DiscoverySilverCorp@integritycounts.ca
 - Web: <https://app.integritycounts.ca/org/DiscoverySilverCorp>