



Creating Shared Value

2024

Environmental, Social and
Governance Report

Discovery**silver**

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Message from our CEO

Building a mining company that creates jobs, provides training and skills development, supports the local economy and contributes significant tax revenue, starts with having quality assets capable of supporting long-life production and generating attractive longer-term returns. Equally important, long-term success comes from operating responsibly and in a manner that protects the environment and respects the communities where we operate. Discovery is committed to responsible mine development and operations that successfully balance environmental, social, and economic considerations and adds value for all stakeholders.

2024 was a transformational year for our company. Through the outstanding work of our people, we issued the Feasibility Study for our 100% owned Cordero project ("Cordero") in February, which clearly established Cordero as a world-leading silver project. From the results of the study, it is clear that Cordero will be a long-life project that generates attractive returns. For Mexico, Cordero will deliver substantial benefits by creating high-quality jobs, developing local infrastructure and providing billions of dollars in investment, local purchasing and tax revenue. In addition, Cordero will be a mine of the future, both in generating the benefits for all stakeholders that is essential to maintaining social license, and also by incorporating new technologies and investing in alternative energy sources, such as solar and battery electric, to be a positive contributor to Mexico's energy transition objectives.

"Achieving excellence in responsible mining is critical as we work to build Discovery into a diversified North American precious metals producer."

Tony Makuch
Chief Executive Officer

During the second half of 2024, the focus of our team was largely on evaluating the potential acquisition of Newmont Corporation's Porcupine gold operations in and near Timmins, Ontario, with an agreement being announced on January 27, 2025. Through this acquisition, we are transforming Discovery by combining growing gold production in Northern Ontario, Canada, with tremendous upside, with our Cordero project in Mexico. The increased financial strength and diversification resulting from the acquisition, and related financings, will support both the financing and development of Cordero. For Timmins, it means new ownership that will bring the same commitment to responsible mining that has resulted in Discovery receiving numerous recognitions in Mexico. With the acquisition expected to close in the first half of 2025, our 2025 ESG Report is certain to be very different, more comprehensive and will provide a clear indication of how we approach sustainability when operating existing mines.

SUSTAINABILITY RECOGNITION IN 2024

In terms of recognitions, we were very honoured to receive the Socially Responsible Enterprise ("ESR") distinction from the Mexican Center for Philanthropy ("CEMEFI") for the third consecutive year in 2024. This important distinction recognizes outstanding performance in five pillars: business ethics, community engagement, protection and preservation of the environment, quality of life for employees, and corporate social responsibility.

20 hours

of health, safety and emergency response training per employee¹



Continued Building Leaders

initiative to foster development of our workforce



51%

reduction of GHG emission



\$4.4 M

invested in local goods and services



Also during the year, CEMEFI awarded Discovery the Best Environmental Practices (“BEP”) in Mexico distinction for the first time. The BEP is awarded in recognition of performance that maintains high environmental standards beyond compliance. We were the only mining company in Mexico to receive this honour.

Similarly, in 2023 we were the only mining company to honoured with the Quality Environmental Certification from PROFEPA (Mexico’s Federal Attorney’s Office for Environmental Protection). This certification recognizes companies that achieve full compliance with all environmental regulations. The Quality Environmental Certification has a two-year term and is valid until August 2025. We are well advanced in the auditing and compliance process necessary to obtain a renewal later this year.

We also received the Great Place to Work Certification for the third straight year in 2024, an internationally recognized distinction for companies creating an outstanding employee experience. Our overall score improved to 94%, a substantial increase from 87% in 2023, which clearly demonstrates our position as a leading employer in Mexico.

Improving Health and Safety

The safety of our workforce is our top priority as we work to meet our goal of zero harm. We consider both physical and mental health in our approach to ensure that everyone goes home safely.

During 2024, we continued to refine our training efforts by providing more role-specific instruction, including in such areas as first aid and mine rescue, handling hazardous chemicals and defensive driving skills. We also continued to expand our focus on health and safety training as we progress our efforts to build and maintain a safety culture throughout the organization. Our approach places a heavy

emphasis on incident reporting in support of preventing future incidents from occurring.

We also continued our SafeStart training program in 2024, which empowers employees to take accountability for their safety and ended the year with an additional 15 employees completing the highest level (Level 5), which enables them to become trainers themselves. We also conducted 11 emergency response drills and achieved, on average, 20 hours of health, safety and emergency response training per employee.

After receiving the Safe Industry Certification (Level 1) by the Mexican Government’s Secretary of Labor in 2023, we were informed in August 2024 that audits and compliance reviews by the Secretary of Labour had confirmed our eligibility for Level 3 certification, which we expect to receive in 2025. This Safe Industry Certification requires full legal compliance with over 20 Health and Safety Standards as outlined by the Mexico Federal Government.

Supporting Our Workforce

Our people are more than our greatest asset, they are the Company; nothing is achieved without them, and their success drives Discovery’s success.

In 2024, our very successful “Building Leaders” initiative continued to play a key role in workforce development, offering comprehensive training sessions throughout the year on leadership, environmental awareness, safety protocols, quality management and teamwork. During the year, we strengthened our commitment to workforce development by providing targeted training opportunities and partnered with the Great Place to Work Institute to deliver an Action Planning Workshop for personal and career development.

¹ 2024 Cordero statistics reflect a period when the project was largely inactive, pending approval of mining permits.



We also continued the Cordero Bonus Performance Initiative in 2024, which provides economic incentives to employees who demonstrate a strong commitment to safety, environmental responsibility and social engagement within their teams and communities.

Through initiatives like this, we continue to make progress integrating our ESG values in everything we do.

Creating Value for Our Communities

Community engagement is an ongoing and critical activity for our team in Mexico. In 2024, our community outreach program included the launch of a new Social Impact Study for Cordero. This study will provide a more robust tool for shaping engagement strategies, guiding decision-making across different project stages and ensure alignment with community expectations and long-term sustainability objectives.

Our team is already making a tremendous difference in the community around Parral, and in Chihuahua State, Mexico. Despite reduced business operations in 2024, we continued

to make an important contribution, paying \$4.4 million in salaries and benefits in Mexico and investing close to \$4.4 million in local goods and services during the year. We also contributed approximately \$122,000 in support of local programs ranging from education programs and school supplies, to investments to provide food to vulnerable groups, to providing water and other supplies to local ejidos.

The contribution we are making now will expand exponentially once we are in development and operation at Cordero. Based on the feasibility study, Cordero will create 2,500 direct jobs during construction and a peak of over 1,000 direct jobs while in operation. These will be high-quality jobs that involve extensive training and skills development that will have multi-generational benefits. Very importantly, over its 19-year life, Cordero will purchase approximately US\$4.0 billion of local goods and services, creating indirect jobs that will far exceed the level of direct job creation. The project will invest US\$1.4 billion of capital and will provide US\$1.4 billion in tax revenue to governments in Mexico based on the Feasibility Study (US\$2.3 billion using metal prices as of March 25, 2025).



Protecting the Environment

Responsible mining starts with minimizing the environmental impacts of your business operations. Since our inception, we have recorded zero reportable environmental incidents.

In 2024, our total Scope 1, 2, and 3 GHG emissions were 605 tonnes of carbon dioxide equivalent (tCO₂e), which was a 51% reduction from the previous year due to decreased drilling and other activity.

During the year, Discovery continued implementing Environmental Management Plans (“EMP”) for Cordero, approved by PROFEPA, which were developed largely from stakeholder feedback and community engagement in 2023. These EMP outline strategies to mitigate environmental risks, adhere to regulatory permits and apply industry best practices. A key initiative in 2024 involved water monitoring on community properties and local lands, fostering trust and shared responsibility for future water stewardship. Through these efforts, we reinforced our commitment to proactive environmental management and strong community relationships.

The filing of our MIA for Cordero with SEMARNAT in August 2023 was a critical achievement that resulted from the hard work and dedication of our team Mexico. A technical ruling on the MIA by SEMARNAT had not been received as of the end of 2024. MIA approval is the next major milestone for Cordero, one that will catapult the project towards development and will result in employment, investment and business activity in Mexico.

Looking Ahead

Looking ahead, 2025 is certain to be another transformational year for Discovery. With the acquisition of the Porcupine operations in and near Timmins, Ontario on track to close during the first half of the year, we are about to embark on a new future as a growing Canadian gold producer. In addition, with increasing optimism around permitting and the political environment in Mexico, there is significant potential that by the end of the year, Cordero could be through the permitting process and be entering the development stage. One thing is clear, as we progress with building Discovery into a diversified North American precious metals producer, continued excellence in responsible mining will remain an overriding objective and key success factor.

Thank you for your continued interest in Discovery and for reading our 2024 ESG Report.

Sincerely,

Tony Makuch
Chief Executive Officer





About this Report

Welcome to Discovery Silver's annual Environmental, Social, and Governance (ESG) Report. This report provides an update on our ESG initiatives and performance and reflects our ongoing commitment to sustainability and transparency. The disclosures within this report are guided by the Sustainability Accounting Standards Board (SASB) Mining and Metals Standard. This report has been reviewed by the Senior Management team and the Sustainability Committee of the Board.

The 2024 ESG Report covers Discovery's ESG performance and activities from January 1 to December 31, 2024. All financial information is reported in Canadian dollars unless otherwise stated. For the purposes of this report, references to "us," "our," "the Company" or "Discovery" refer to the entity Discovery Silver Corp. and its 100%-owned subsidiaries.

RESTATED INFORMATION

As of 2023, we have updated our approach to now report in accordance with the Occupational Health and Safety Administration (OSHA) standard, to align with internationally recognized regulations and enable more meaningful comparisons of safety performance with global companies.

FORWARD-LOOKING INFORMATION

This ESG Report contains forward-looking information and should be read together with the "Cautionary Statement Regarding Forward-Looking Information" section of this report.

LEARN MORE

Our ESG reports are available in English and Spanish. Past ESG Reports can be found at discoveryilver.com/sustainability/esg-management/. We welcome questions and feedback on our report which can be directed to info@discoveryilver.com.



2024 Sustainability Highlights

WORKFORCE

35 employees and contractors

91% of Canadian employees are local and

74% of Mexican employees are local

40% of employees are women

\$10,850,714 paid in employee salaries and benefits

Achievement of the **Great Place to Work Certification®** for a third consecutive year and Ranking **#36** Best Company to Work for in Mexico

GOVERNANCE AND MANAGEMENT

6 of our 7 directors are independent

33.3% independent directors are women

37.5% of senior management are ethnically diverse

HEALTH AND SAFETY

ZERO fatalities

Total Recordable Incident Frequency (TRIF) of **1.82**

Days Away, Restricted, or Transferred (DART) rate of **1.82**

High Potential Incident (HPI) rate of **1.82**

Motor Vehicle Incident (MVI) rate of **29.79**, decreasing by **28%** while the number of kilometers traveled doubled

126 orientation sessions conducted for site workers and visitors

11 emergency drills completed

37.34 average hours of health and safety training completed by employees

COMMUNITY

\$4,362,040 in local spend on goods and services

\$122,436 in community investments

Achievement of the **Socially Responsible Enterprise** distinction for a third consecutive year

ENVIRONMENT

ZERO reportable environmental incidents

4,527.34 gigajoules (GJ) of energy consumed

Generated **21.09** GJ of renewable energy using solar panels

Scope 1 greenhouse gas (GHG) emissions of **275.28** tonnes of carbon dioxide equivalent (tCO₂e)

Scope 2 GHG emissions of **100.40** tCO₂e

Scope 3 GHG emissions of **229.73** tCO₂e

304.70 cubic metres (m³) of water consumed

0 square metres (m²) of surface area disturbed

447 m² of surface area remediated

The only mining company to receive the **Clean Industry Certification** by the Mexican Government and receiving recognition for the **Best Environmental Practice in Mexico** by Mexican Center for Philanthropy

About Us

Discovery Silver Corp. (TSX: DSV, OTCQX: DSVSF) is a Canadian exploration and development company. We are focused on establishing our flagship project, Cordero, as one of the largest silver mines in the world to coincide with an expected increase in silver demand. Sustainability lies at the core of our operations, shaping our approach to achieving our mission and enduring value for all our stakeholders. We support the long-term viability and resilience of our operations by prioritizing sustainable and ethically responsible practices, mitigating environmental impacts, and fostering strong relationships with the communities where we operate.

Discovery Silver Corp. is headquartered in Toronto, Canada, and is listed on the Toronto Stock Exchange (TSX) under the symbol “DSV” and the OTCQX market under the symbol “DSVSF.” Located within the mineral-rich expanse of Chihuahua State, Mexico, Discovery’s 100%-owned Cordero project is one of the world’s largest silver deposits and benefits from close proximity to infrastructure within this prolific mining belt.

Since Discovery’s inception, we have remained committed to our vision of establishing a company grounded in responsible practices, earning trust and support from local communities and stakeholders, while supporting an engaged workforce that takes pride in the work they do. Looking forward, we recognize the crucial role silver can play in the global energy transition and we are proud of our team of

skilled professionals who are committed to supporting this transition and creating sustainable value for all stakeholders through safe practices and positive community engagement.

SILVER’S ROLE IN A SUSTAINABLE FUTURE

Silver is widely recognized as a valuable investment asset due to its dual demand as both an investment option and an industrial commodity. Silver is often used by investors to diversify their portfolios and safeguard against inflationary pressures. Its relatively lower price compared to gold makes silver accessible to a wide range of investors aiming to add stability to their holdings.

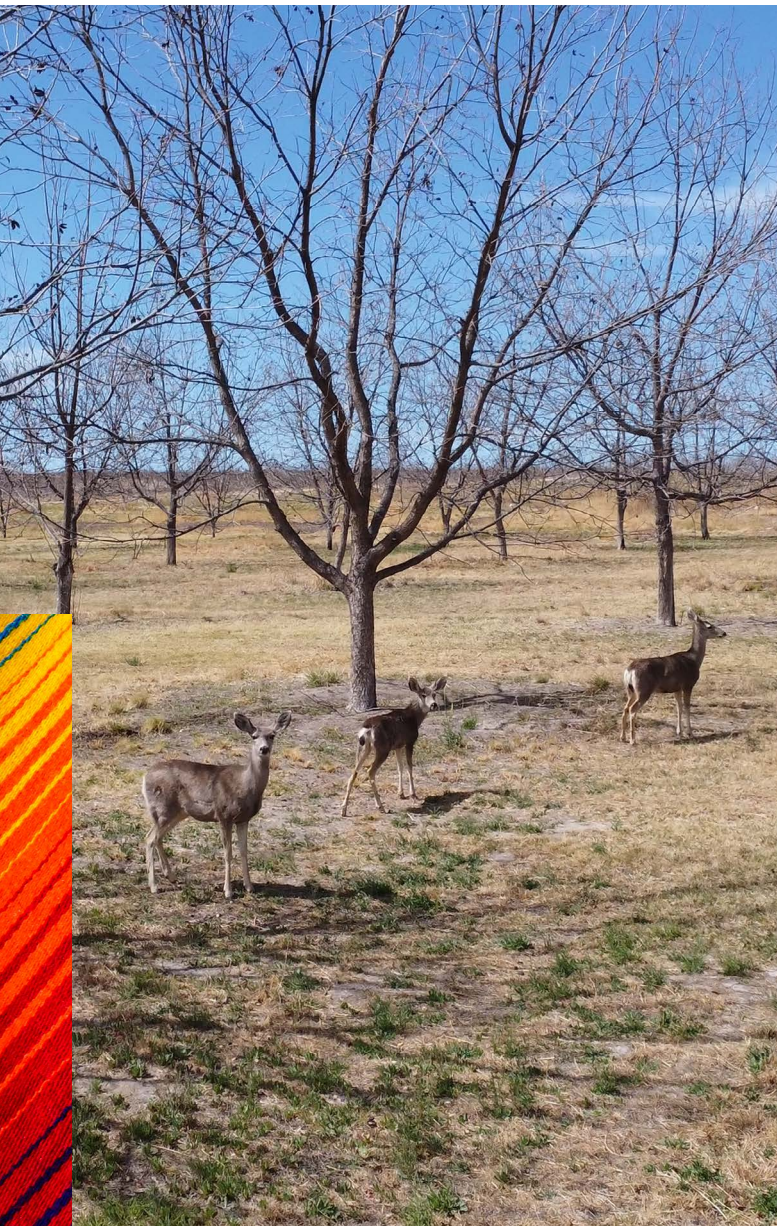
Silver plays a crucial role in advancing sustainable technologies and renewable energy solutions, making it an indispensable resource in the global energy transition. Its exceptional conductivity and reflectivity properties make it vital for the production of photovoltaic (PV) cells in solar panels. As the world continues shifting toward cleaner and more sustainable energy sources, silver demand in solar energy applications is expected to remain strong. Additionally, silver is essential in electric vehicle (EV) manufacturing, where it is used in the production of batteries and electronic components. As the momentum toward decarbonization intensifies, silver’s role in facilitating the transition to a low-carbon economy becomes even more critical.

Silver’s applications extend beyond energy transition efforts. Due to its unique antimicrobial properties, silver is increasingly being utilized for water purification solutions, particularly in regions with limited access to clean water. Its ability to combat harmful pathogens and effectively filter pollutants, including arsenic, positions silver as a valuable tool in addressing global water quality challenges.

Looking ahead, silver demand remains on a strong growth trajectory. Global industrial silver demand surged by 7% in 2024, driven by its expanding use in solar energy, infrastructure to support the deployment of artificial intelligence and EVs. At the same time, silver mine production is facing challenges, with 2024 being the fourth year in a row when demand for silver exceeded the supply.²

² Additional information can be found at the [Silver Institute](#).

Discovery Silver is well positioned to contribute to this growing demand through our 100%-owned Cordero project. Cordero is one of the world's largest undeveloped silver assets, with the potential to become a key supplier for high-growth sectors such as renewable energy and electric vehicles. The feasibility study completed in early 2024 confirmed that Cordero will be a long-life, high-margin silver project with attractive economics. More importantly, it will deliver significant socio-economic benefits, creating jobs, investing in infrastructure, and generating tax revenue for local and national economies. Cordero also sets a new standard for responsible mining by incorporating environmental best practices and a commitment to sustainability.



VISION, MISSION AND VALUES

Our vision, mission, and values serve as our guiding principles, shaping our direction and culture. They guide our strategic decisions, foster alignment among our employees and stakeholders, and drive our sustainable growth and success.

Our Vision

To transform our exploration company into a leading developer and producer.

Our Mission

Deliver sustainable value for all stakeholders by operating in a safe and responsible manner and having a positive impact on local communities. We will do this by taking advantage of both organic and external growth opportunities while continually improving our standards through a commitment to safe operations, employee learning, and social and environmental stewardship.

Our Values

Our values guide our Company's conduct and reflect the importance we place on people.

- + **Health and safety:** We promote health and safety in all of our activities so that it is engrained within the culture of our entire organization.
- + **Honesty and integrity:** As the foundation of communication across the organization and with all stakeholders, we pride ourselves on open, transparent discussion. We are committed to working respectfully and honestly, while also maintaining high ethical standards. We acknowledge that maintaining such values are vital to building and maintaining strong and trusting relationships within our communities.
- + **Diversity and inclusion:** We firmly believe in the equality, diversity, and inclusion of people throughout the organization. We value different ideas, perspectives, and experiences and strive to ensure that we respect and protect the communities in which we operate.
- + **Responsibility:** Everyone is responsible for their words and actions, and we maintain a high degree of individual accountability, while recognizing the opportunities to learn and grow from mistakes.
- + **Learning and development:** We aim to foster a culture of continuous learning, providing an environment where our teams can excel in their current roles and take advantage of opportunities to grow with the Company.

CORDERO PROJECT

The Cordero Silver Project, the world's largest undeveloped silver reserve, is 100% owned by Discovery Silver and located in northern Mexico. The Cordero Project is positioned to be one of the largest silver producers globally, and stands out for its margin, size and scalability. Often referred to as Mexico's most precious silver asset, the project spans approximately 35,000 hectares, in a well-established mining belt within Chihuahua State, benefiting from proximity to existing infrastructure. Cordero is well positioned to make significant contributions to the Municipality of Parral, the State of Chihuahua and the broader Mexican economy.

Mexico owns all minerals found in Mexican territory, and the Mexican Federal Government grants mineral concessions to companies such as ours, permitting exploration and potential mining activities. As part of these concessions, we are obligated to comply with safety and environmental protection regulations, submit reports to applicable authorities and pay mining duties. Advancing to the production stage requires companies to undergo a regulatory process, successfully complete an economic assessment and an Environmental Impact Assessment (EIA), all subject to the approval by the Mexican Federal Government.

Since acquiring Cordero in August 2019, our focus has been on leveraging the higher-grade zones within the larger mineralized system, with the objective of defining a high-margin project with scale. Typical stages of mining include exploration, discovery, development, production and reclamation. We are still in the development stage,

progressing permitting, de-risking and financing for the project, and advancing Cordero further towards construction.

In February 2024, Discovery published its Feasibility Study on the Cordero Project. Key highlights include:

- + **Large-scale, long-life production:** 19-year mine life with average annual production of 37 Moz AgEq in Year 1 to Year 12.
- + **Low costs, high margins:** average AISC of less than US\$12.50 over the first eight years of the mine life placing Cordero in the bottom half of the cost curve.
- + **Low capital intensity:** initial development capital expenditures of US\$606 million resulting in an attractive after-tax NPV-to-capex ratio of 2.0.
- + **Attractive project economics:** Base Case after-tax Net Present Value at 5% ("NPV") of US\$1.2 billion and IRR of 22% with NPV expanding to US\$2.2 billion in Year 4.
- + **Tier 1 reserve base:** Reserves of Ag - 302 Moz, Au - 840 koz, Pb - 3.0 Blb and Zn - 5.2 Blb, positioning Cordero as one of the largest undeveloped silver deposits globally.
- + **Clear upside potential:** 240Mt of Measured & Indicated Resource sit outside the FS pit highlighting the potential to materially extend the mine life at modestly higher silver prices.
- + **Substantial socio-economic contribution:** an initial investment of over US\$600 million, 2,500 jobs created during construction, US\$4 billion of goods and services purchased and estimated tax contributions of over US\$1.4 billion within Mexico.



+ **Environmental standards:** third-party reviews of proposed environmental practices to ensure adherence to both Mexican regulatory standards and Equator Principles EP4. The Study also incorporates investment in infrastructure and technology to recycle wastewater from local communities with discharged water representing the primary source of water for mine operations.

In August 2023, Discovery formally submitted the Cordero silver project EIA to the Secretaría de Medio Ambiente y Recursos Naturales (SEMARNAT), the federal agency responsible for evaluating EIA submissions. The EIA assessment is a critical requirement for the future development of Cordero. In support of the EIA, our Mexico team has been conducting extensive social and environmental work programs since 2020, alongside multiple reviews by third-party consultants. As a result, the Mexican government and non-governmental organizations have granted prestigious ESG certifications that have built trust. In 2024, the federal government in Mexico was renewed and has restarted the EIA evaluation. The Secretaria de Medio Ambiente y Recursos Naturales (SEMARNAT) issued an Environmental Impact Assessment exemption for the construction of the treated water conduction line from the city of Parral to the Cordero Project.



Location and Communities of Influence

- + Chihuahua State, Mexico
- + Hidalgo del Parral, Santa Bárbara, Valle de Zaragoza and San Francisco del Oro

Size

- + Top 3 primary silver mine
- + 35,000-hectare property
- + Estimated average annual production of 37 Moz AgEq (in years 1-12)

Margin

- + Life of mine all-in sustaining costs of less than US\$12.50/oz AgEq (in first 8 years)

Mine Life

- + 19-year mine life with clear extension potential

Cordero's Milestones

- **2022**
Preliminary Economic Assessment completed
- **2023**
 - 1H Preliminary Feasibility Study completed
 - 2H EIA submitted
 - 2H Phase 3 Drill Program completed
- **2024**
 - 1H Feasibility Study completed
 - 1H Land agreement reached
- **2025**
Continue to de-risk the project through land acquisition and surface access agreements, power and water studies, social license

Economic Impact

We aim to contribute to sustainable communities and societies through employee salaries and benefits, purchases of goods and services, community investments, and taxes paid.

Our 2024 economic impact included:



\$0.92 M

in mining duties paid to the Government of Mexico



\$0.12 M

in community investments



\$4.36 M

on local goods and services in Mexico



\$4.42 M

in Mexican employee salaries and benefits



SUPPORTING THE UNITED NATIONS GLOBAL COMPACT AND SUSTAINABILITY DEVELOPMENT GOALS

Recognizing our responsibility in contributing to global sustainability efforts, Discovery is committed to supporting the United Nations Global Compact (UNGC) and the Sustainable Development Goals (SDGs) and recognizes our role in driving towards global goals. The UNGC is one of the largest voluntary global corporate sustainability initiatives and encourages businesses to adopt responsible practices across areas such as human rights, labour, environment and anti-corruption. The SDGs are a set of 17 interconnected goals aimed at addressing global challenges to create a more sustainable and equitable world by 2030. In this report, we provide a comprehensive overview of how our initiatives and practices align with UNGC principles and contribute to the advancement of the SDGs.

EQUATOR PRINCIPLES

The Equator Principles provide a risk management framework for financial institutions to assess and manage environmental and social risks in project financing. There are 10 principles that cover topics such as environment and social assessment, environmental and social management systems, stakeholder engagement and grievance mechanisms. In 2022, Discovery conducted a gap analysis against Equator Principles (EP4) and IFC standards, identifying areas for improvement, and in 2023, we began implementing recommendations to strengthen our alignment. Building on this commitment, we launched the planning phase for a Social Impact Assessment (SIA) in 2024 to evaluate the broader effects of the Cordero Project, including key infrastructure and community impacts. Aligned with the Equator Principles (EP4) and IFC standards, the assessment is set for completion by Q2 2025, reinforcing our commitment to responsible development. Upon completion, we will develop a Social Management Plan to enhance benefits, mitigate risks, and uphold sustainability and human rights throughout the project lifecycle.



Operating with Excellence and Integrity

We strive to uphold the highest corporate governance standards, supported by transparent policies and practices prioritizing strong ethics and accountability. Our strong governance approach sets the groundwork for robust ESG practices, ensuring seamless integration and implementation. Throughout our organization we aim to protect the environment, uplift communities and create value for all our stakeholders.

Significant groundwork is required before a mine can be built, and Discovery Silver is now in the latter stages of development at Cordero, marked by detailed planning and execution. A potential construction decision is expected in 2025. As we advance through the permitting and project financing process, we continue to address technical, economic, environmental and social considerations. We focus on acting responsibly throughout the process, promoting environmental stewardship, workplace safety and productivity, innovation, strong community engagement and ethical governance. Our robust approach to due diligence and stakeholder engagement ensures that we clearly communicate with the Government and relevant stakeholders about the Cordero project's critical developments. We also ensure that we share benefits with neighbouring communities. During 2025, we plan to integrate at least two local suppliers into our supply chain to enhance local economic development further.

We continue to be recognized for our commitment to operating with operational excellence. In October 2024, Discovery Silver achieved the Socially Responsible Enterprise (Empresa Socialmente Responsable – ESR) distinction from the Mexican Center for Philanthropy

(Centro Mexicano para la Filantropía – CEMEFI) for the third consecutive year.³ This recognition reflects the Company's commitment to business ethics, community engagement, environmental stewardship, employee welfare and corporate social responsibility. Discovery maintained strong performance, earning a 3.8/5 rating, an average of our performance in environmental protection, governance, social engagement, and crisis response. Our rating was 26% higher than the industry average.

MATERIAL ISSUES

Identifying our material issues is crucial for us to prioritize efforts that address stakeholder concerns while aligning with our core values and long-term sustainability goals. We have identified seven priority issues that form the



³ For additional information on the ESR distinction visit: <https://esr.cemefi.org/publicacion>

foundation of our sustainability strategy, guiding our approach to ESG risks and opportunities. These issues were first established in our 2021 materiality assessment, which incorporated stakeholder concerns, industry benchmarks, peer disclosures, ESG megatrends and our enterprise risk register. Their relevance was reinforced in 2022 through our Social Baseline Study, which deepened our understanding of local community dynamics and established a baseline for measuring the Cordero Project's social impact. This process confirmed the ongoing significance of these material topics, ensuring they remain central to our strategy as we create long-term value for stakeholders while aligning with business objectives.

BOARD GOVERNANCE

At Discovery, the Board of Directors (Board) and its five committees play a pivotal role in upholding ethical standards and integrity in our operations. The Board has ultimate responsibility for Discovery's stewardship and oversees the implementation of robust systems and controls to identify, manage and monitor risks effectively. It takes an active role in ESG matters, overseeing Discovery's ESG-related activities, monitoring performance and reviewing the annual ESG report to ensure alignment with sustainability objectives. As established in their charters (available on our [website](#)) each Board committee plays a role in overseeing Discovery's strategy, including ESG-related issues:

- + **Nominating and Corporate Governance Committee:** Oversees corporate governance practices, periodically reviews the Company's governance policies and makes policy recommendations.
- + **Sustainability Committee:** Monitors sustainable development practices and oversees the Company's environmental, health, safety and social policies. Reviews the annual ESG report.
- + **Audit Committee:** Oversees the integrity of the Company's financial statements, disclosures, qualifications of independent auditors and compliance with legal and regulatory requirements such as ensuring a confidential and anonymous process exists to report any ethical concerns.
- + **Compensation Committee:** Oversees the Company's global human resource strategy, policies and programs and all matters relating to the proper utilization of human resources with a special focus on management succession, development and compensation.
- + **Technical Committee:** Oversees the Company's efforts related to future exploration, development, and operational activities, identifying and monitoring technical risks and conducting technical due diligence. Responsibilities include overseeing

Priority Issues

- 01 Corporate Governance
- 02 Workforce
- 03 Health and Safety
- 04 Community Relations
- 05 Water Use
- 06 Energy Use
- 07 Greenhouse Gases (GHGs)



preliminary economic assessments, feasibility studies, production forecasts, budgets, life-of-mine plans, mineral reserves and resources, as well as public disclosures for technical information.

Our Directors' Skills

COMPETENCIES	MURRAY JOHN	JEFF PARR	JENNIFER WAGNER	MOIRA SMITH	DAN VICKERMAN	TONY MAKUCH	BARRY OLSON
Board Experience and Corporate Governance	✓	✓	✓	✓	✓	✓	✓
Mining and Industry Experience	✓	✓	✓	✓	✓	✓	✓
Enterprise Risk Management	✓	✓	✓	✓	✓	✓	✓
Executive Management	✓	✓	✓	✓	✓	✓	✓
Financial Expertise / Financial Literacy	✓	✓			✓	✓	✓
Capital Markets and Corporate Finance	✓	✓	✓	✓	✓	✓	✓
Mergers and Acquisitions	✓	✓	✓	✓	✓	✓	✓
Human Resources and Compensation	✓	✓	✓			✓	✓
Health, Safety, and Environment	✓		✓	✓		✓	✓
Corporate Social Responsibility and Sustainable Development	✓	✓	✓	✓	✓	✓	✓

Our Directors bring extensive skills and experience across a broad range of areas, including mining and exploration, capital markets and ESG. The Board fosters a commitment to ongoing learning, ensuring members stay informed of industry advancements and evolving sustainability practices.

Board Education

Discovery places a strong emphasis on board education to ensure that Board members are well-informed and equipped to make decisions aligned with our ESG principles and broader industry practices. We are committed to ensuring our directors receive the education they need to provide proper oversight. As part of our corporate membership with the Institute of Corporate Directors (ICD), our Board members have access to specialized training courses, including Board oversight of social issues and climate governance. In 2022, one of our Directors enrolled in the ICD program and successfully obtained their ICD designation in 2023, reinforcing our commitment to strong governance and continuous learning. Additionally, we held a political education session for Board members, providing an in-depth analysis of geopolitical shifts and their potential impact on the industry, with a particular focus on opportunities within Mexico.

Advisors to the Board

As needed, the Board appoints advisors to help bring valuable strategic insights and technical expertise. In 2023, the Board appointed two seasoned advisors, Jonathan Gill and Mike Neumann, further enhancing our ability to navigate industry complexities and drive the successful development of the Cordero Project. Jonathan Gill boasts over 50 years of global mining expertise, holding various senior management positions and advisory roles providing insights to major international mining companies. Mike Neumann, a distinguished mining engineer, brings over 40 years of practical experience in mine design, operations and environmental permitting. Their combined expertise provides a solid foundation for Discovery as it continues to advance its sustainability and growth objectives.

Board Diversity

Embracing diversity is integral to achieving our business goals and enhancing our decision-making processes. As our Human Rights, Diversity and Inclusion Policy outlines, diversity is a key consideration in appointing new Board members. While we prioritize selecting the most qualified candidates, our approach ensures that a broad range of skills, expertise and experiences are represented. We strongly believe that a diverse Board drives the long-term success and stewardship of the company by enhancing decision-making and strengthening governance.

Gender Diversity

Our Board is composed of seven directors, including two female independent directors. Additionally, our Sustainability and Compensation Committees are led by a female chairperson, further reinforcing diverse perspectives in our governance structure.

	2024	2023	2022
Independent directors	6 of 7	6 of 7	5 of 6
Independent directors that are women	33.3%	33.3%	40.0%
Number of confirmed incidents of corruption	0	0	0
Number of critical concerns that were communicated to the highest governance body during the reporting period	0	0	0

MANAGEMENT

Our Senior Management Team oversees Discovery's daily operations, ensuring alignment across functional, operational and ESG areas. Each leadership role plays a critical part in advancing our business objectives and sustainability commitments:

- + **President and CEO, CFO and Senior Management Team:** Oversee the management and monitoring of ESG performance and have functional and operational responsibilities encompassing exploration, operations, finance, corporate development, stakeholder engagement and investor relations.
- + **Senior Vice President Mexico:** Directs the strategy, planning and execution of Discovery's activities in Mexico, including ESG.
- + **Vice President Corporate Affairs and Sustainability:** Leads efforts to build strong relationships with local stakeholders, manages the Sustainability team in Mexico and drives ESG performance.
- + **Sustainability Manager (Mexico):** Implements Discovery's ESG plans and initiatives, monitors performance and collaborates with the Senior Management Team to integrate sustainability into business operations.

We recognize that addressing ESG issues requires cross-functional collaboration. For example, we have broadened team involvement in the sustainability reporting process, engaging a wider range of expertise to strengthen performance assessments and enhance ESG strategies. This expanded collaboration underscores our commitment to creating a culture of sustainability across all aspects of our business and driving meaningful, long-term impact.

Updates to our Senior Management Team

In January 2024, the Director of Corporate Affairs was promoted to Vice President of Corporate Affairs and Sustainability.

Additionally, we appointed a Vice President of Investor Relations, bringing over 35 years of expertise in investor relations, finance and corporate communications, with a strong background in the mining and financial services sectors. These leadership enhancements reinforce our commitment to strategic growth, transparency and sustainability.

Training and Development

We are committed to fostering the professional growth and development of our team, with a strong focus on sustainability and health and safety. Key members of our Senior Management Team have been enrolled in the International Association for Sustainable Economy (IASE) qualification – achieved through three levels of certification. This globally recognized certification upholds the highest professional and ethical standards for ESG professionals. The program covers key topics such as the international context of sustainability, factors driving the green transition, carbon pricing mechanisms and sustainability governance. Ten employees, including the Sustainability Manager, Senior Vice President Mexico, Vice President of Sustainability, and Chief Financial Officer (CFO), have successfully completed the foundational Level 1 course and exam, with the Sustainability Manager and CFO also achieving Level 2 certification.

We also support our staff in developing expertise on other business critical issues. In 2023, our Senior Management Team further expanded their political risk and communication expertise through specialized training, ensuring they are well-equipped to navigate evolving industry challenges and opportunities.

Management Diversity

We believe diversity is vital for fostering innovation and building a resilient team. In 2024, approximately 37.5% of our Senior Management Team was ethnically diverse. This represents an increase from 2022, demonstrating our commitment to supporting diversity across our organization.

	2024	2023	2022
Management diversity	37.5%	37.5%	16.7%



OUR POLICIES AND SYSTEMS

Discovery's policies and commitments provide the governance framework that helps us to operate responsibly, manage risks and opportunities and deliver value to our stakeholders. Directors, employees and contractors are expected to follow our policies and operate with high standards of integrity. All new employees and contractors are required to complete training on Discovery's policies as part of the onboarding process. Additionally, all employees undergo annual policy training to reinforce the importance of adhering to our policies. Our policies, standards and procedures are integrated into our Sustainability Management System (SMS). We continually update the SMS to incorporate regulatory requirement updates and best practices, ensuring our systems remain up-to-date and aligned with industry standards. As we progress with permitting and construction decisions for the Cordero project, we are establishing comprehensive oversight and adherence to industry regulations and standards by advancing our management and governance systems. The Board annually reviews all corporate policies to evaluate their effectiveness, ensure ongoing compliance with applicable laws and regulations, that they reflect our evolving direction and continue to align with our values and goals.

- + Our **policies** outline our principles and commitments in line with our vision, mission, and values.
- + Our **standards** state the requirements to help meet our policies.
- + Our **procedures** provide further instructions and guidance to meet our standards.

Our sustainability-related policies (many of which are on our [website](#)) include:

- + **Code of Business Conduct and Ethics:** Ensures that business is conducted honestly, with integrity and impartiality and complies with applicable laws, rules and regulations.
- + **Whistleblower Policy:** Ensures there is a confidential and anonymous process to support persons who report ethical concerns. This includes a 24/7, third-party operated hotline and online portal for anonymously reporting concerns.
- + **Anti-Bribery and Anti-Corruption Policy:** Outlines the Company's zero tolerance policy for bribery and corruption and ensures business is conducted in an honest and ethical manner.
- + **Human Rights, Diversity and Inclusion Policy:** Outlines the Company's commitment to respecting human rights, respecting diversity and fostering a culture of inclusion. This includes the prohibition of child labour in our company, including contractors.
- + **Fitness for Duty Policy:** Outlines Discovery's commitment to maintaining a safe work environment and ensuring that all employees and contractors are fit for their assigned tasks, with the objective of achieving zero workplace incidents or injuries.
- + **Occupational Health and Safety Policy:** Outlines the Company's commitment to providing safe, secure and healthy places for employees and stakeholders, while providing accountability for safety at the individual level.
- + **Sustainability and Social Agreements Policy:** Outlines the Companies' commitment to environmental protection with a preventive approach, respect for human rights and fair agreements with stakeholders and promoting responsible due diligence and business ethics, including in geographies with weaker legal requirements.

Discovery aims to cultivate a culture of awareness, respect and ethical behaviour throughout the organization. In 2024, we enhanced our governance training by delivering 111 hours of instruction and expanding our training program to include the Occupational Health and Safety Policy and the Sustainability and Social Agreements Policy. This builds on our efforts in 2023, when we conducted multiple training sessions to educate employees on the Human Rights, Diversity and Inclusion Policy, as well as the Code of Business Conduct and Ethics.

Enterprise Risk Management

Discovery's Enterprise Risk Management (ERM) program supports identifying, assessing, managing, monitoring and reviewing risks relevant to our business. This process includes ESG risks such as political, regulatory, environment, community relations and health and safety. Our Senior Management Team is responsible for regularly reviewing our risk register and providing an update to the Board during each Board meeting.

In the ordinary course of business, Discovery is required to obtain and renew governmental licenses or permits for the operation and expansion at Cordero; or for development, construction and eventual commencement of mining. Discovery has recently submitted its EIA and will be applying for additional permits required to further carry out its work. Our business success depends in part on political developments that could impact the business. The company has carried out a thorough evaluation of the transition risks derived from the political and regulatory scenario in Mexico, in order to effectively link the opportunities of the Cordero Project with Mexico's future.

The operations of Discovery are subject to environmental legislation which provides for restrictions and prohibitions on spills, releases or emissions of various substances and the use of water, among other things. A breach of such legislation may result in the imposition of fines and penalties. Environmental legislation is evolving in Mexico, in a manner which means stricter standards and enforcement, as well as more stringent fines and penalties for non-compliance. There is the potential that future changes in environmental regulation and standards, will adversely affect Discovery's business and operations, including being very costly to comply, or potentially limiting or curtailing future production or development. Mexico is a party to the Paris Agreement (ratified in 2016) and has enacted climate change legislation with a GHG emissions reduction target, so future regulatory amendments could have unexpected effects on the Company.

The potential physical impacts of climate change on the Discovery's operations are highly uncertain and are unique to the geographic location of the Cordero project. 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 project, 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 Company.

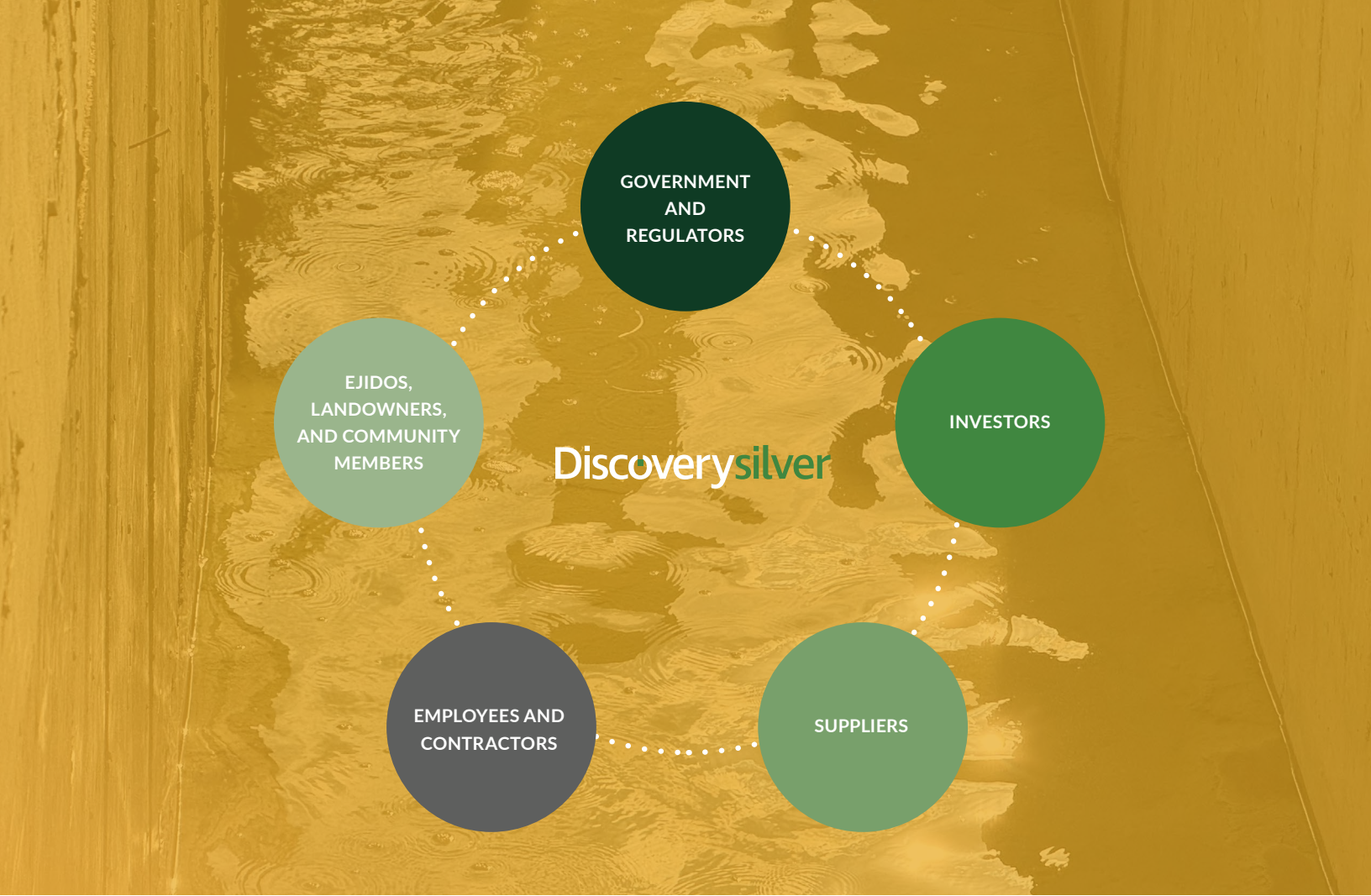
Discovery is effectively managing these, and other sustainability-related risks, based on what is within the Company's control. Our policies and practices are aligned with international standards and regulations, which often exceed the standards in Mexico, to address issues such as emissions, tailings dam design, water optimization and other issues. For additional information on our risks, please refer to our [Management Discussion and Analysis](#).

Cybersecurity

Discovery increasingly relies on management information systems and computer control systems to support its operations, making cybersecurity a critical priority. The Company has implemented security procedures and measures to protect our systems and information from cyberattacks. To enhance our cybersecurity measures, we conduct testing on our information technology and security systems and provide training for our workforce.

Aligning with UNGC Principles 1, 3, 4, 5, 6, and 10 and the following SDGs:

- 3 GOOD HEALTH AND WELL-BEING**
- 4 QUALITY EDUCATION**
- 5 GENDER EQUALITY**
- 8 DECENT WORK AND ECONOMIC GROWTH**
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS**



In 2024, we strengthened our cybersecurity framework by introducing mandatory monthly training for employees through a specialized training provider, ensuring ongoing education and vigilance against evolving threats. This initiative builds on our existing security measures, which include regular system testing, employee training and strict data protection protocols. In 2023, we enhanced data security by implementing procedures for Egnyte, our cloud-based data-sharing platform, improving information protection across the organization. Additionally, the CFO receives monthly reports on training completion rates and employees who do not pass phishing tests must complete additional training.

STAKEHOLDER ENGAGEMENT

Our stakeholders are at the centre of our mission to deliver sustainable value for all stakeholders by operating in a safe and responsible manner and having a positive impact on local communities. In 2024 we launched a Social Impact Study for the Cordero project in the second half of the year to further align our interests with the community. This study will provide a more robust tool for shaping engagement strategies, guiding decision-making across different project stages and ensure alignment with community expectations

and long-term sustainability objectives. (See the Providing Long-Term Socio-Economic Benefits to the Communities in which we Operate section for more information).

The Social Impact Study builds on our previous initiatives. In 2021, we conducted a Social Baseline Study, identifying key stakeholders and gathering feedback from over 1,800 individuals. In 2022, we followed up with a Social License Study, assessing perceptions of the Cordero project through three key factors: legitimacy (compliance with laws), credibility (compliance with agreements) and trust (stakeholder confidence in the Company's future and employee participation in decision-making). The results showed strong support for the project while reinforcing the need for ongoing dialogue.

Learnings from these studies have shaped our stakeholder engagement strategy. We prioritize in-person meetings with key stakeholders, including local communities, government officials and employees to enhance transparency and provide more targeted, relevant information about our operations and future plans. The following table outlines our key stakeholders, how we engage, key topics of interest and engagement highlights in 2024.

STAKEHOLDER	HOW WE ENGAGE	KEY TOPICS OF INTEREST	KEY HIGHLIGHTS IN 2024
Ejidos⁴, landowners, and community members	<ul style="list-style-type: none"> + Regular and ongoing dialogue and engagement + Ejido committee meetings + Project updates + Community investment discussions + Participative Planning + Integration in festivals and traditional customs + Online and in-person interviews conducted by third parties 	<ul style="list-style-type: none"> + Company and Community Plans + Access to Land + Social Investment + Employment and business opportunities + Health care + Quality of life + Water and environmental protection + Education + Infrastructure + Security 	<ul style="list-style-type: none"> + 19 fair agreements were signed, guaranteeing access to land for the construction and operation of a future mine. + Carried out several initiatives to local communities including providing water infrastructure, supporting education and healthcare access, and providing food for vulnerable populations + Conducted community engagement sessions where we provided clarity on the Cordero project's progress + Continued water monitoring strategy to provide stakeholders with peace of mind about the safety of their water supplies + The Ejido Cordero issued a letter of social validation for the Cordero Project
Government and regulators	<ul style="list-style-type: none"> + Regular and ongoing dialogue and engagement + Project updates + Environmental Permits + Regulatory reporting + Social Licence, Community investment partnership discussions + Online and in-person interviews conducted by third parties 	<ul style="list-style-type: none"> + Changes in government regulations and public policies + Compliance with laws and regulations + Communities + Economic development + Health and safety + Water and environmental protection + Employee Benefits and Quality of Life 	<ul style="list-style-type: none"> + Information meetings about water, land, permits, and energy + Meetings to build trust, supported by the important certifications that Discovery Silver has obtained in Mexico + Conducted meetings highlighting important aspects of the Cordero project, including topics such as years of useful life, economic benefits, jobs, and investments, local development and social impact. + Letter of intent as an agreement for access to treated water for operations
Investors	<ul style="list-style-type: none"> + Investor meetings + Investor Days + Annual General Meeting + Suite of reports (ESG Report, Annual Report, Financial Statements, Management Discussion and Analysis, Annual Information Form) 	<ul style="list-style-type: none"> + Cash position + Resources and mine potential + ESG disclosure and performance 	<ul style="list-style-type: none"> + Attended various investor conferences in Canada, US, and Europe + Hosted an analyst site visit in October 2023

⁴ In Mexico, an ejido is an area of communal land, mainly used for agriculture, that combines communal ownership with individual use. This means community members are designated plots of land collectively and maintain communal holdings.

STAKEHOLDER	HOW WE ENGAGE	KEY TOPICS OF INTEREST	KEY HIGHLIGHTS IN 2024
Suppliers	<ul style="list-style-type: none"> + Regular and ongoing dialogue and engagement + Business development events + Contracts and due diligence process 	<ul style="list-style-type: none"> + Local procurement + Business development + Health and safety + Capacity development 	<ul style="list-style-type: none"> + Online and face-to-face communication to inform Cordero Project updates + Conducted supplier trainings on Discovery's Code of Conduct, Human Rights and other internal policies + Business meeting with specialized mining suppliers
Employees and contractors	<ul style="list-style-type: none"> + Regular and ongoing dialogue and engagement + Internal communications + Accountability meetings + Meetings with Managers + Daily safety meetings + Training 	<ul style="list-style-type: none"> + Safe and healthy places to work + Growth and professional development + Health and safety + Compensation and benefits + Community engagement + Ethical and transparent businesses 	<ul style="list-style-type: none"> + Held in-person meetings with employees to communicate feasibility updates for the Cordero project, as well as regular trainings on key issues such as safety, cybersecurity and environmental performance + We reached 94% in the trust index.



Providing a Safe, Healthy, and Respectful Workplace and Environment

At the core of our corporate values is our commitment to fostering a workplace that prioritizes safety, health and mutual respect. Our objective is to achieve zero work-related incidents or illnesses, whether physical or mental. We positively impact our workforce and the communities we engage with by creating a safe, diverse, and inclusive working environment.

HEALTH, SAFETY AND WELLNESS



Aligning with SDG 3

Our Approach

At Discovery, we are committed to fostering a safety culture that extends beyond physical well-being to encompass mental health and overall wellness. By fostering transparent communication, implementing proactive measures and maintaining a supportive work environment, we instill safety as a fundamental value across our workforce. This approach ensures that every individual feels protected, supported, and empowered to perform at their highest level. Our comprehensive health and safety protocols set clear expectations for employees and contractors, ensuring that every person returns home safely each day.

Health, safety and wellness represent a collective responsibility where everyone plays a crucial role in ensuring



a secure and healthy environment for all. Our Board oversees our health and safety management. The Senior Management Team conducts monthly assessments to evaluate performance and identify opportunities for improvement. The Sustainability Manager, in collaboration with the Senior Management Team, is responsible for monitoring and managing health and safety performance, while our Health and Safety Coordinator manages the day-to-day of our health and safety initiatives. Our on-site health and safety personnel manage operations to prevent and address potential incidents. We reinforce a strong safety culture by conducting health and safety training, clearly defining roles and responsibilities, fairly distributing work and recognizing outstanding performance from team members.

Employees and contractors actively contribute to workplace safety by adhering to established procedures and promptly identifying and reporting hazards. To ensure transparency and encourage accountability, all personnel are urged to report unsafe behaviors, practices, or near-miss incidents without fear of repercussions. We emphasize to our employees and contractors the importance of incident reporting as a fundamental step toward maintaining a safer work environment. Health and safety performance metrics are monitored in both English and Spanish. Including all of our staff in our safety culture enables precise tracking, early hazard detection and the implementation of proactive measures to prevent accidents.

Our safety approach also ensures that every employee feels confident in sharing their perspectives, ideas and concerns without fear of negative consequences. A psychologically safe workplace fosters open communication, collaboration and innovation. Recognizing the significance of psychological well-being, we have implemented the Mexican Standard NOM-035 Psychosocial Risk Factors at our corporate offices in Mexico and at the Cordero site. As part of our commitment to NOM-035, we have conducted various training sessions throughout the year, including, conditions of the work environment, communication, harassment, fire prevention and working at heights.

We provide our employees with an IntegrityCounts reporting hotline, which operates 24/7, year-round, offering a secure and confidential means for employees to report ethical concerns. We have also established a confidential email system that allows for seamless communication of incidents and complaints between employees and Human Resources managers or coordinators. All reports undergo a thorough review conducted jointly by the Human Resources Coordinator and the Sustainability Manager, and confirmed cases are escalated to the Senior Vice President of Mexico to ensure appropriate corrective measures are implemented.

In 2024, we received a total of 30 complaints, with 28 related to operational control and continuous improvement, and 2 cases involving employee harassment. Of the harassment complaints, one was reported through the IntegrityCounts hotline, while the other was addressed in person. Each complaint was thoroughly investigated, and resolutions were communicated accordingly.

Key health, safety, and well-being initiatives in 2024 included:

- + **Training:** We continued to refine our training efforts by providing more role-specific instruction. Workers received specialized training in handling chemical substances, while induction programs for suppliers, contractors, and visitors ensured alignment with site safety protocols. Defensive driving courses were introduced for contractors, reinforcing road safety awareness. Our SafeStart program continues to instill a culture of personal accountability for safety, with 15 employees achieving Level 5 certification. These individuals are now qualified to train colleagues, promote best practices, and lead safety initiatives across the Company.
- + **Health and safety week:** In June 2024, we hosted our annual Health and Safety Week, further demonstrating our commitment to employee well-being and stakeholder engagement. Collaborating with the Municipality of Hidalgo del Parral, we provided dental services and conducted an informative session on hearing loss

prevention. The event has become a key platform for industry dialogue, bringing together organizations such as the Mexican Social Security Institute, the Red Cross, and environmental and social consultants to deliver expert-led discussions on safety, environmental stewardship, health and personal protective equipment.

- + **Multifunctional brigade:** In 2024, our multifunctional brigade was strengthened through cross-departmental collaboration, receiving specialized training in first aid, rope rescue and chemical spill management to ensure rapid and effective incident response.
- + **Emergency drills:** In 2024, we conducted 11 emergency drills covering critical scenarios, including accident victim extraction and stabilization, search and rescue operations, personnel evacuation, pre-hospital care, machinery fires, chemical spill containment, high-angle rescues and firefighting using extinguishers. These drills reinforce our ability to respond swiftly to emergencies, safeguarding the well-being of our workforce and stakeholders.

Performance

Since we formally started our initiative to implement a safety culture in 2022, we have made significant progress through training programs, enhanced safety tools, structured methodologies, performance measurement systems and behavioral safety improvements.



Golden Safety Rules

- + Fit for work
- + Personal protective equipment
- + Work permit
- + Protective devices
- + Driving vehicles
- + Work at heights
- + Energy isolation
- + Ground stability
- + Lifting, rigging and hoisting
- + Hazardous substances

Our long-term safety plan envisions a five-year period to establish a robust safety culture with year-over-year reductions in accidents and severity.

We are committed to continuously improving safety and maintaining healthy and secure workplaces for our employees, contractors and stakeholders. In August 2024, the Mexican government’s Secretary of Labor audited our legal compliance and confirmed our eligibility for the Safe Industry Level 3 Certification. This follows our 2023 achievement of the Level 1 certificate, meeting over 20 Health and Safety Standards. We initially aimed to achieve the level 2 certificate in 2023, but administrative changes delayed the necessary performance reviews. Our compliance with the level 3 certificate demonstrates our ongoing commitment to workplace health and safety.

In 2024, our safety performance improved significantly, with our total recordable incident frequency (TRIF) decreasing to 1.82 from 3.23 in 2023. We reported only one recordable incident, compared to four in the previous year. However, our days away, restricted, or transferred (DART) rate increased to 1.82 from 1.61, primarily due to reduced hours worked following a decrease in staff and contractors. Our near miss incident (NRI) rate dropped to 0 from 3.23, reflecting effective proactive hazard identification and risk mitigation.

Our motor vehicle safety performance also improved in 2024, with the motor vehicle incident (MVI) rate decreasing by 28% to 29.8 from 41.62 in 2023, while the number of kilometers traveled doubled due to expanded field prospecting programs and increased stakeholder engagement. This progress demonstrates the success of efforts we initiated in 2023 to heighten safety awareness and adherence to best practices among employees. To mitigate risks, we implemented defensive driving training, real-time vehicle GPS monitoring, the installation of maximum proximity signs, designated parking areas and additional safety measures such as backup sensors and wheel chocks. In 2024, we also strengthened our MVI incident recognition and reporting, reinforcing our commitment to transparent and accurate reporting.

In 2024, our high potential incident (HPI) rate increased to 1.82 due to a single incident. To strengthen our safety culture and mitigate future risks, in 2024, we introduced monthly Health and Safety meetings aligned with ISO 45001. These meetings provided a structured platform for employees to share safety insights and promote continuous improvement. We also continued to bolster individual safety performance through our SafeStart program, which

helps reduce incidents by empowering every employee and contractor with a personal responsibility for safety. Through detailed incident trend analysis and ongoing reviews, we identified key risk factors and implemented preventive measures, ensuring no further incidents occurred for the remainder of the year.

	2024	2023	2022
Fatalities	0	0	0
Recordable incidents	1	4 ⁵	1
Total recordable incident frequency (TRIF)	1.82	3.23	0.52
Days away, restricted or transferred (DART) rate	1.82	1.61	0.52
Motor vehicle incident (MVI) rate	29.79	41.62	9.14
Near miss incident (NRI) rate	0.00	3.23	3.66
High potential incident (HPI) rate	1.82	0	1.57

In 2024, we conducted 11 emergency drills and increased our health, safety, and emergency response training efforts. Employees and contractors participated in an average of 37.34 hours of health, safety, and emergency response training per person, a 66 percent increase from 2023.

	2024	2023	2022
Orientation sessions for site workers and visitors	126	114	135
Emergency drills completed	11	12	11
Average hours of health, safety, and emergency response training (per employee/contractor)	37.34	26.23	19.73

OUR WORKFORCE

Our Approach

We recognize that our greatest asset is our workforce and the value they add to both Discovery’s success and the communities we operate in. By empowering our employees to thrive, we strengthen Discovery’s collective success. Our workforce strategy is guided by the Human Rights, Diversity and Inclusion Policy, Code of Business Conduct and Ethics, and the Anti-Bribery and Anti-Corruption Policy (these policies can be accessed on our website).

⁵ Recordable incidents changed from 2 to 4 due to a change from Mexican to OSHA standards. In 2023, we adopted the Occupational Health and Safety Administration (OSHA) standard for recording and reporting health and safety data, aligning our practices with internationally recognized regulations and enabling more meaningful comparisons of safety performance with global companies

Celebrating the Mining Industry

In July 2024, we hosted Miner's Day in recognition of the crucial role mining plays in both national development and the livelihoods of those involved across the mining value chain. The Discovery team celebrated our successes and the significance of our contribution to the broader mining industry through engaging presentations and interactive sessions.



These policies are introduced to all employees during orientation and reinforced through a mandatory annual two-hour refresher workshop to ensure ongoing awareness and adherence.

Our Senior Management Team has overall responsibility for human resources management. The Senior Vice President of Mexico oversees human resource management in Mexico. The Human Resources Coordinator and support staff at the Cordero site and Parral head office play a key role in implementing policies and initiatives that support our workforce.

Talent Development and Performance Management

At Discovery, our goal is to foster an environment where our team members have the chance to develop and grow. By encouraging employees to reflect on their own performance and share feedback on management, we promote individual accountability and improve communication across all levels of the organization. Our quarterly employee performance evaluation process supports continuous improvement by assessing employee performance relative to business goals and key performance indicators, including ESG targets. All employees receive structured feedback on their strengths and areas for development and actively participate in co-developing improvement plans. Through these initiatives, we continue to cultivate a workplace where employees feel supported, engaged and empowered to grow within the company.

In 2024, we strengthened our commitment to workforce development by providing targeted training opportunities that align with employees' career aspirations and enhance their skills. As part of this effort, we partnered with the Great Place to Work Institute to deliver the Action Planning Workshop, a four-hour session attended by 19 employees. This training equipped leaders with strategies to strengthen resilience, adapt to change and take decisive

action in demanding situations. Furthermore, our "Building Leaders" training initiative continued to play a key role in workforce development, offering comprehensive training sessions throughout the year on leadership, environmental awareness, safety protocols, quality management and teamwork. These efforts reinforce our commitment to fostering a collaborative and high-performing workforce.

Performance



Aligning with SDG 16 + UNGC Principle 2

In 2024, we achieved a significant milestone in workplace excellence, earning the Great Place to Work Certification for the third consecutive year. Our national ranking improved to 36th out of 172 companies, solidifying our position as one of the Best Companies to Work in Mexico. This recognition reflects our ongoing commitment to employee well-being, as demonstrated by our overall score of 94%, a substantial increase from 87% in 2023.

As part of the certification process, employees participated in a comprehensive workplace culture survey, with scores improving across all categories. Our strongest ratings remained in Justice and Pride, highlighting that employees feel valued for their contributions, take pride in working at Discovery and promote strong relationships with colleagues. This achievement underscores our dedication to maintaining a supportive and engaging workplace where employees thrive.



Compensation and Benefits

Our competitive salary strategy follows industry best practices, ensuring equitable compensation and recognizing high-performing employees through regular pay raises and performance-based bonuses, even within their first year. Contractors also have the opportunity to transition to permanent positions based on their performance. Alongside competitive compensation, all employees receive major medical expenses insurance, regardless of their position or tenure, with coverage extending to immediate family members, including spouses and children.

	2024	2023	2022
Total salaries and benefits (\$)	10,850,714	8,847,536	6,738,989

At Discovery, we prioritize recognizing and celebrating employee contributions through thoughtful initiatives that foster a culture of appreciation and engagement. Our "Employee of the Quarter" program rewards exceptional individuals through quarterly awards ceremonies, with nominations submitted by on-site supervisors and coordinators. A dedicated committee reviews all nominations, ensuring a fair selection process. Winners are honored during the quarterly awards ceremonies, where they are recognized in front of the entire team, both on-site and remotely via live stream.

In 2024, we continued the Cordero Bonus Performance Initiative, providing economic incentives to employees who demonstrate a strong commitment to safety, environmental responsibility and social engagement within their teams and communities. This initiative promotes leadership, teamwork and accountability, encouraging employees to pursue shared goals that align with Discovery's values and culture, while reinforcing a high-performance work environment.

Workforce Profile

In 2024, our workforce decreased in size compared to previous years as we prepared for the next stage of the Cordero project. As the Cordero project advances through the mining stages, our workforce will adjust to align with the project's needs. We anticipate 2,500 direct jobs created during construction and peak employment of over 1,000 direct jobs during operation.

	2024	2023	2022
Total workforce (#)	35	85	153
Canada	16	10	12
Employees	11	10	10
Contractors	5	0	2
Mexico	19	75	141
Employees	19	59	67
Contractors	0	16	74

Local Employees

In line with our commitment to support the economic development of our surrounding communities, we aim to hire local employees whenever possible. Candidates are based on skills and experience. To achieve this, job announcements are first made in person at the community assembly of Ejido Cordero. If no qualified applicants are found, vacancies are then advertised on Chihuahua's public employment service website. In 2024, for the Cordero project, 73.7% of employees were from the State of Chihuahua. As part of our agreement with the Ejido, we are working to increase the number of Parral employees, contributing to the local economies of our neighbouring communities.

	2024	2023	2022
Local employees (%)			
Canada	90.9	100.0	100.0
Mexico	73.7	85.7	85.1





Employee Diversity and Inclusion



Aligning with UNGC Principle 6 + SDG 5

We recognize the importance of diversity in our workforce and are committed to increasing gender diversity across our teams. In 2024, we continued to support gender diversity and inclusion, with women comprising 40% of our workforce, surpassing our diversity goal ahead of schedule. This progress reflects our commitment to equal opportunities through a skills-based hiring approach that eliminates bias and ensures fair recruitment. We also participate in Women in Mining (WIM) Mexico, an organization that supports women's participation in the mining industry. In 2024, an alliance between WIM and the Monterrey Institute of Technology (ITESM) awarded scholarships to three women from Discovery to participate in the "Mining Digitalization Academy for Women" Program. This program lasted 81 hours and aims to strengthen women to face the challenges of digital transformation in mining. Additionally, Discovery's Purchasing Manager was invited to join the WIM Chihuahua executive committee, enhancing visibility for women in leadership and strengthening our engagement with industry stakeholders.

Building an inclusive and respectful workplace continues to be a priority, reflected in ongoing initiatives that support a culture of integrity and mutual respect. We have expanded training efforts to deepen awareness and implementation of our Human Rights, Diversity and Inclusion Policy, ensuring employees have the knowledge and tools to uphold these values in their daily work.

Open dialogues on respect, anti-harassment and anti-discrimination remain central to fostering an environment where all employees feel valued and empowered.

	2024	2023	2022
Employee diversity (%)			
Women	40.0	42.2	32.5
Men	60.0	57.8	67.5

Employee Turnover

Our turnover statistics in 2024 reflect the stage-change in the Cordero project. In August 2024, as part of Discovery's strategic transition for the next stage of the Cordero Project, 40 employees exited the company in alignment with workforce adjustments required for the project's progression. Throughout the year, an additional five employees departed under normal turnover conditions, reflecting the expected ebb and flow of workforce dynamics. Beyond these planned transitions, only two employees left for reasons unrelated to the project's advancement.

These workforce changes were carefully managed to ensure operational continuity while maintaining our commitment to employee support and transparency. As we prepare for the project's next phase, we remain focused on retaining and developing talent, providing opportunities for internal mobility and fostering a work environment that aligns with our long-term growth strategy.

	2024	2023	2022
Employee turnover (%)⁶	103.8	20.4	35.0

⁶ Employee turnover data is calculated using the total employee numbers at the end of the reporting period.

Providing Long-Term Socio-Economic Benefits to the Communities in which we Operate

COMMUNITY RELATIONS

Our success and the well-being of the communities where we operate are deeply intertwined. We place great importance on building and maintaining respectful and positive relationships with communities. By working transparently and engaging with local communities we promote mutual understanding, support the welfare of the community and create a positive impact that prioritizes the needs and interests of local communities.

Our Approach

Although the Mexican government has confirmed that no communities or Indigenous Peoples claim rights to the land of the Cordero Project or are located within its area of influence, we recognize the importance of maintaining strong relationships with the local communities surrounding our operations. We actively engage with these communities to guide our approach, build trust, understand their priorities and create mutually beneficial partnerships. Our commitment extends beyond compliance, focusing on generating local employment opportunities, strengthening local businesses and making meaningful community investments that contribute to the long-term economic well-being of the region. Guided by our

Human Rights, Diversity, and Inclusion Policy, we take a proactive approach to stakeholder engagement.

The Senior Vice President of Mexico leads our community engagement strategy, supported by the Vice President of Corporate Affairs & Sustainability, the Sustainability Manager, and Social Management Superintendents, who work together to manage community relationships and address related impacts.

In 2024, Discovery initiated the planning phase for a Social Impact Assessment in collaboration with a third-party consultant, marking a significant step in evaluating the broader effects of the Cordero Project. This assessment will examine the social implications of the project, including infrastructure components such as the electric transmission line and water conduction line, while identifying communities within the area of influence and assessing both positive and negative impacts. This assessment, aligned with the Equator Principles (EP4) and International Finance Corporation (IFC) standards, is scheduled for completion by the end of Q2 2025, reinforcing our commitment to responsible and sustainable development. We will begin developing a comprehensive Social Management Plan outlining measures to enhance positive impacts, mitigate negative impacts, promote sustainability and respect for human rights throughout the project's lifecycle.

As part of our ongoing engagement efforts, we continue to hold regular community dialogues, providing direct communication channels through one-on-one discussions and group forums. These interactions are documented through a structured process that enables us to track our outreach efforts and strengthen transparency. Our Community Response System remains integral to managing community inquiries, feedback and concerns, allowing us to



proactively address issues and maintain stakeholders' trust. By integrating community perspectives into our operational practices, we ensure that our presence contributes meaningfully to local well-being while upholding our commitment to ethical and responsible business conduct.

Performance



Aligning with SDG 16 + UNGC Principle 1

Throughout 2024, Discovery Silver remained committed to meaningful engagement with local communities through transparent communication and collaboration. We conducted 33 stakeholder engagement sessions and finalized 19 project agreements in 2024. Project agreements are based on insights gained during our 2021 Social Baseline Study and are designed in alignment with Discovery's objectives. The reduction in agreements compared to previous years reflects our targeted focus on the Cordero project, following the successful completion of agreements related to the Puerto Rico Project in 2023.

In preparation for the Cordero Project moving into a new phase, we strengthened communication with communities and government entities in 2024 to ensure a smooth transition. We conducted community engagement sessions where we provided clarity on the project's timeline, reaffirmed the continuation of existing agreements and outlined efforts to foster new community agreements. We also gained valuable insights into community priorities, particularly traffic management, wildlife protection and land access, which will inform future decision making. Stakeholder engagement also helps strengthen our social license to operate.

Our engagement strategy is already yielding results. In 2024, Ejido Cordero submitted a document to the government expressing its endorsement of the construction and operation of the Cordero Project, demonstrating active community support for the project. This reflects how engagement is a two-way relationship that benefits both the company and the community. Additionally, we recorded zero community grievances in 2024, down from two in 2023.

We remain committed to building new and strengthening ongoing relationships with our stakeholders through transparent communication and trust. As noted above, plans are in place to broaden the scope of community involvement and conduct a Social Impact Study aligned with the Equator Principles and IFC Performance Standards. This study will further enhance our community engagement efforts.

	2024	2023	2022
Number of project agreements	19	43	9
Community engagements	33	45	19
Community feedback received	0	2	4
Community feedback actioned	0	2	4
Community feedback outstanding	0	0	0



COMMUNITY INVESTMENT

Our Approach

Our community investment strategy is driven by insights from our 2021 Social Baseline Study and ongoing stakeholder engagement. The study gathered input from over 1,800 stakeholders and guided the development of our initial Social Management Plan. The plan addresses the issues raised by stakeholders and outlines ways we can create shared value through initiatives. We continue to refine our community investment approach by continuing to engage with communities. Our engagement efforts prioritize municipal governments, such as Parral, along with ranch owners, Ejidos and local suppliers, ensuring diverse representation in decision-making. By collaborating with communities, government agencies, and development organizations that share our values, we strengthen the impact of our initiatives and reaffirm our commitment to long-term, meaningful partnerships.

Performance

In 2024, we continued investing in community initiatives, focusing on health, education and economic development. We directed over \$122,000 toward programs that supported vulnerable populations, including children, mothers, women affected by violence and the elderly. Our efforts provided school supplies, medical aid and food assistance to disadvantaged families. Beyond financial support, we remained engaged in local traditions, participating in community gatherings and holiday celebrations.

	2024	2023	2022
Total community investment (\$)	122,436	192,822	197,358

Supporting Local Business

At Discovery, we prioritize local procurement to support regional economic development and strengthen community relationships. We approach local procurement from two key perspectives: sourcing from Mexican businesses and working with suppliers identified in our Social Baseline Study for the Cordero project. We also adhere to established supply chain protocols to ensure transparency and alignment with our values. By working closely with local vendors, we contribute to economic growth while creating long-term value for the communities where we operate.

In recent years we have taken steps to increase transparency around supply chain spending and to support more direct spending from local businesses. In 2023, we implemented a structured system to better track spending in municipalities

Key highlights from our 2024 community investments

- + **Supporting Local Ejidos:** Donated water troughs, feeders, a water tank and alfalfa to help ranch owners sustain livestock during droughts.
- + **Expanding Educational Access:** Distributed 1,440 school supply packages in partnership with the Juntos Somos Útiles program, equipping children with footwear, uniforms and backpacks.
- + **Doctor Near You:** Provided free doctor consultations and essential medications to children, women and the elderly in high-need areas of Parral.
- + **Fight against Breast Cancer:** Supplied prostheses to women recovering from breast cancer.
- + **Magical Christmas:** Delivered food and blankets to families in vulnerable situations.

These initiatives reflect our commitment to strengthening local communities and fostering long-term positive impact.



surrounding the Cordero project, including Parral. We are also laying the groundwork to expand procurement from local suppliers. In 2025, we plan to launch training programs to help local businesses meet Discovery Silver's standards, increasing their eligibility for future commercial opportunities and further strengthening our local supply chain.

	2024	2023	2022
Local spend on goods and services (\$)	4,362,040	19,174,090	25,946,072

Protecting the Environment

We are committed to integrating environmental stewardship throughout our operations and during all phases of the Cordero project. Through strategic planning, meticulous execution and meaningful community engagement, we can lay the foundation for sustainable growth and development and contribute positively to the health and prosperity of both our planet and the communities where we operate.

ENVIRONMENTAL MANAGEMENT



Aligning with SDG 12
+ UNGC Principles 7, 8, and 9

Our Approach

Our keystone Cordero silver mine project is located in Chihuahua, Mexico. The region's diverse ecosystem supports a wide range of plant and animal species and a semi-arid, temperate environment with hot summers and limited water availability. The region's ecosystem also supports forestry, agriculture and livestock industries, making environmental preservation essential for the local economy and livelihoods. Water scarcity in Chihuahua is of crucial importance to both government bodies and local communities.

Preserving Chihuahua's environment is essential for the long-term well-being of the local population and our business. We integrate sustainability into our business strategy, considering environmental impacts in our decision-making and working closely with local communities to understand their environmental-related concerns. Informed by scientific knowledge and industry best practices, we diligently identify, prevent, minimize and remediate environmental impacts to protect natural resources.

Our commitment to environmental stewardship is driven by rigorous oversight and proactive measures starting at the highest levels of leadership. A dedicated Board-level Sustainability Committee convenes quarterly to review our environmental management performance and initiatives. The Senior Management team reviews monthly environmental reports, while the Senior Vice President of Mexico, the Vice President of Exploration and the Vice President Corporate Affairs and Sustainability, Mexico each review weekly and monthly environmental reports. Our Sustainability Manager, supported by Environmental Coordinators, oversees the implementation of environmental plans, processes and initiatives. Together, they ensure compliance with our environmental practices and permits, as well as facilitate the tracking and monitoring of environmental metrics.

We are dedicated to equipping our entire workforce, including contractors, with the knowledge and skills needed to navigate environmental challenges. Through comprehensive training on environmental issues and sustainable practices, we ensure our teams are well-prepared to uphold our commitment to responsible resource management.

In 2024, the Environmental Impact Assessment (EIA) for the Cordero project remains under technical review by the Secretaría de Medio Ambiente y Recursos Naturales (SEMARNAT), following its submission in 2023. This submission marked a significant milestone in securing the necessary permits for project development and represented the culmination of extensive social and environmental initiatives undertaken since 2020.

In 2024, Discovery Silver continued conducting environmental studies to further our understanding of the Cordero project's ecosystem. Building on specialized studies completed in 2023, which established a comprehensive environmental baseline. This ongoing research, which is built on specialized studies completed in 2023 to establish a comprehensive environmental baseline, provides critical data on flora and fauna identification, soil metal content and water and air quality. Conducted by accredited third parties and overseen by Discovery team members to ensure sample traceability, these assessments help evaluate environmental performance and maintain regulatory compliance. The 2024 findings showed no significant changes, reinforcing confidence in our planned mitigation measures.

Performance

Environmental Management and Certifications

We reached a significant milestone in 2023 by obtaining the Clean Industry Certification from the Procuraduría Federal de Protección al Ambiente (PROFEPA), Mexico's federal environmental protection agency. This certification, valid for two years (2023–2024), underscores our commitment to environmental compliance. To uphold this standard, third-party audits were conducted in both 2023 and 2024, ensuring continuous adherence to regulatory requirements. The certification remains valid until August 2025, with plans for renewal for an additional two-year period.

This prestigious certification is granted to companies that demonstrate full compliance with environmental regulations. Notably, Discovery Silver is the only mining company to achieve this distinction, highlighting our steadfast commitment to environmental excellence. Certification requires a voluntary environmental audit by an external firm accredited by PROFEPA. This rigorous evaluation ensures compliance with applicable regulations while allowing Discovery to proactively identify and implement preventive and corrective measures to enhance environmental performance.

We always aim to maintain regulatory compliance in our operations and utilize a compliance management matrix to manage our compliance. The matrix includes requirements at the federal, state and municipal levels, incorporates environmental permits and applies across our entire organization—from site activities to office procedures and renovation projects. We regularly review and update this matrix, either upon receipt of new permits or every six months, ensuring we continuously align with evolving compliance requirements.

In 2024, we continued implementing the Environmental Management Plans for Cordero, strengthening compliance through third-party audits and ongoing environmental programs. These plans, approved by PROFEPA, were developed in 2023 based on stakeholder feedback and community engagement, outlining strategies to mitigate environmental risks, adhere to regulatory permits and apply industry best practices. A key initiative includes water monitoring on community properties and local lands, fostering trust and shared responsibility for future water stewardship. Through these efforts, we reinforce our commitment to proactive environmental management and strong community relationships.

We remain committed to proactive environmental management and fostering strong community relationships.

Our environmental programs are supported by a skilled workforce, including an Environmental Coordinator certified under the ISO 14000 series, which promotes effective environmental management systems. This certification plays a key role in refining our processes within our Sustainability Management System (SMS), aligning with industry best practices. ISO 14001 training has also guided the development of procedures and standards for an integrated management system aligned with the Equator Principles (EP4) and the International Finance Corporation (IFC) standards.

Following an external audit in 2023, we identified areas for improvement and used these insights to develop an internal audit process by the end of 2024. The audit results also ensured compliance with environmental legislation for 2024. Our dedication to maintaining high environmental standards beyond compliance was recognized when the Mexican Center for Philanthropy (CEMEFI) awarded Discovery Silver the distinction of Best Environmental Practices in Mexico in 2024. Notably, Discovery Silver was the only mining company to receive this prestigious recognition.

Zero Environmental Incidents

In 2024, we achieved another year of zero reportable environmental incidents, demonstrating our strong performance in environmental stewardship. This success is driven by continuous training, a strong reporting culture and proactive risk mitigation practices.

	2024	2023	2022
Reportable environmental incidents	0	0	0

ENERGY USE AND GREENHOUSE GAS EMISSIONS



Aligning with SDG 13
+ UNGC Principles 7, 8, and 9

Our Approach

Businesses play a vital role in addressing climate change in a rapidly evolving climate landscape. The Cordero project is positioned to support the transition to a lower-carbon economy, with silver production contributing to developing essential technologies and infrastructure. While silver is key to advancing a low-carbon future, we recognize the mining industry's impact on climate change and continuously assess our operations to identify opportunities for improving energy efficiency and reducing GHG emissions.

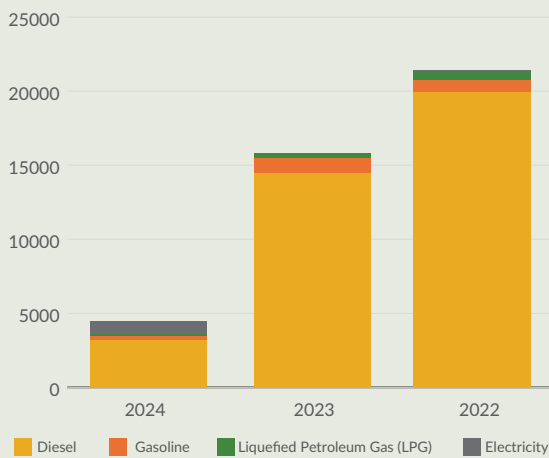
Energy generation, consumption and conservation directly affect our emissions. Given Cordero's remote location, our energy mix includes diesel, gasoline and liquefied petroleum gas (LPG), alongside electricity. Diesel powers generators, while gasoline fuels light vehicles and cutting tools. LPG is used for cooking, and electricity is supplied both from the national grid and self-generated solar panels.

We remain committed to optimizing operations to reduce energy consumption and emissions while actively exploring alternative and renewable energy sources to further minimize our environmental footprint.

Performance

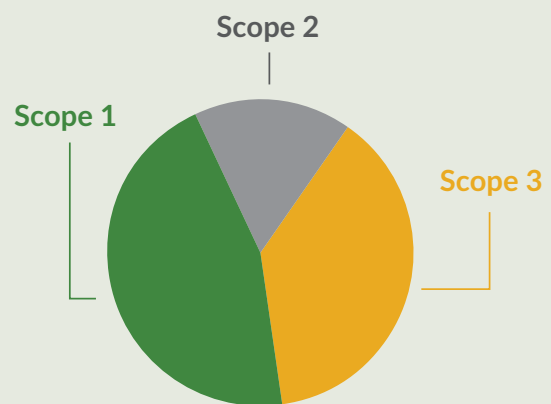
In 2024, our total Scope 1, 2 and 3 GHG emissions were 605.41 tCO₂e, a 49% reduction compared to 2023. This decline was largely driven by a reduction in operational activities as the Cordero project transitioned to a new stage and an ongoing commitment to optimizing energy efficiency and reducing emissions.

Energy Consumption by Fuel Type (GJ)



	2024	2023	2022
Total energy use (GJ)	4,527.34	15,944.86	21,445.07
Diesel	3,257.74	14,531.05	19,975.71
Gasoline	246.59	991.24	813.89
Liquefied petroleum gas (LPG)	187.87	287.70	584.84
Electricity	835.14	134.87 ⁷	70.63

Greenhouse Gas Emissions (tCO₂e)



	2024	2023	2022
GHG emissions⁸ (tCO₂e)	605.41	1,228.48	1,692.77
Scope 1 ⁹	275.28	381.74	411.37
Scope 2 ⁸	100.40	13.84	2.60
Scope 3 ¹⁰	229.73	832.90	1,278.79

In 2024, the cessation of contractor activity following the completion of exploration drilling in 2023 led to a significant drop in diesel consumption.

A reduced work schedule further decreased the use of LPG and gasoline, while Scope 1 emissions declined due to fewer vehicles in operation, reduced use of refrigerant gases and lower running hours for diesel-powered electricity generators. Scope 3 emissions also fell, primarily due to the termination of contractors.

⁷ Electricity data have been restated for 2023 to include both solar electricity and purchased electricity.

⁸ GHG emissions are calculated utilizing the ISO 14064 methodology.

⁹ The Greenhouse Gas Protocol

¹⁰ Corporate Value Chain

However, Scope 2 emissions rose in 2024 due to increased electricity consumption following the acquisition of land assets for the Cordero project. These assets were integrated into electrical contracts and infrastructure, requiring ongoing maintenance that contributed to higher energy usage. To address this, we are actively evaluating emissions management options for the next stage of the project, including the adoption of more efficient and autonomous systems, as well as additional renewable energy sources, to further reduce our environmental footprint.



WATER MANAGEMENT



Aligning with SDG 6
+ UNGC Principles 7, 8, and 9

Our Approach

Water is a fundamental shared resource, and as responsible stewards, we are dedicated to managing it effectively to safeguard its long-term availability for regional stakeholders. The Chihuahua region, home to the Cordero project, faces persistent water scarcity. Rising temperatures and erratic rainfall exacerbate water-related challenges, key stakeholders, including the Mexican Federal Government and the communities of Parral and Valle Zaragoza, are concerned about water scarcity in the region.

We understand that sustainable water stewardship is critical our mining operations and preserving our social licence to operate. Our approach to water stewardship emphasizes efficiency, reuse and quality protection to sustain operations, safeguard the environment and support local communities. Our commitment extends beyond our immediate operations, incorporating strict protocols to limit the impact of exploration activities on surrounding watersheds.

To support our operations, we procure potable and non-potable water for essential uses such as:

- + **Drinking and cooking** – Potable water is required for drinking, food preparation and cooking in the camp.
- + **Sanitation and hygiene** – Potable water is used for washing, showering and maintaining employee hygiene standards.

Water allocation remains a challenge in the Chihuahua region. We currently hold three water concessions. Additionally, in 2024, we received authorisation from the Mexican government to use water removed from the site during construction stage, further strengthening our water management capabilities.

A major milestone in 2024 was the completion of the Feasibility Study for Using Treated Water in the Operations of the Cordero project. Building on our 2023 prefeasibility study, which confirmed the viability of integrating treated wastewater from the Parral municipality into our operations, we continued monitoring wastewater flow rates and quality throughout the year. With the study finalized, treated wastewater is set to become our primary water source. Once construction is complete, we anticipate that 100% of Cordero's operational water needs will be met through treated wastewater.



We continue expanding regional water resource studies in 2024, analyzing data from 28 monitoring wells since 2023 to assess aquifer capacity and sustainable withdrawal limits. Additionally, we completed assessments from a dedicated test well to evaluate potential extraction without overexploitation. These findings support comprehensive water management and our Environmental Base Line Study, which is updated annually and prior to mine construction.

Our water stewardship approach also strongly emphasizes transparency and community relationships. In 2024, we continued our community water monitoring initiatives. In 2023, monitoring devices were installed in wells on neighboring properties, allowing local residents to track water levels. Independent third-party water quality tests are conducted semi-annually¹¹, with the results shared with landowners to provide reassurance about the safety of their water supply. When we receive feedback, we proactively seek to address that feedback. In 2024, we began evaluating opportunities to provide clean treated water to farmers and residents downstream of the wastewater treatment plant, as well as to local streams to sustain ecological processes. We also engage with regulators and strengthening stakeholder collaboration through government-led discussions on water access.

In 2025, we will expand our stakeholder engagement efforts as part of our Social Impact Assessment. As part of the assessment, we will engage local communities and Indigenous groups in Parral, Chihuahua, these meetings—facilitated by an independent third party—will address concerns, gather feedback and align strategies with water security goals.

Following the Social Impact Assessment, we will finalize a Water Stewardship Strategy that will formalize our long-term water management approach. The Strategy includes protocols for managing issues such as:

- + Preventing uncontrolled water discharge.
- + Establishing water quality standards.
- + Managing rainfall, runoff and wastewater systems.
- + Inspecting and maintaining wastewater treatment systems and containment infrastructure.

Through these initiatives, we are reinforcing a sustainable, long-term water management framework that aligns with the evolving needs of Cordero and its surrounding communities.

Performance

In 2024, Discovery Silver significantly reduced water withdrawal, consumption, discharge and recycled water use due to decreased mining exploration activities and shifts in drilling objectives. With no water used for drilling, consumption was limited to personal hygiene and basic site needs.

	2024	2023	2022
Total water withdrawal (m³)	2,150	21,126	59,482
Groundwater	0	15,445	43,525
Third-party	2,150	5,681	15,957
Total water discharge (m³)	1,845	20,260	50,021
Groundwater	0	15,445	43,525
Third-party	1,845	4,815	6,496
Total water consumption (m³)	305	866	9,461
Groundwater	0	0	0
Third-party	305	866	9,461
Recycled water (m³)	0	0	191

¹¹ Laboratorios ABC Química Investigacion y Análisis.

Operational Water Balance

in m³ (cubic metres)

- + Water withdrawal data is measured.
- + Water discharge data is estimated.
- + Water consumption data is calculated. Water consumption = water withdrawal – water discharge.
- + Recycled water data is measured.



BIODIVERSITY AND LAND STEWARDSHIP



Aligning with SDG 15
+ UNGC Principles 7, 8, and 9

Our Approach

We recognize that biodiversity is essential for maintaining healthy and balanced ecosystems. We also understand the importance of minimizing impact on the land in and around our operations, due to the intricate link between local livelihoods and the land. To sustain thriving ecosystems, we minimize land disturbance and actively monitor biodiversity in our operational areas. Our land use and biodiversity procedures align with all legal requirements and permit conditions, ensuring full compliance.

Before commencing drilling operations, we conduct rigorous risk assessments to identify and mitigate potential impacts on land and biodiversity. Once drill pad areas are no longer needed, we implement remediation activities as part of our reclamation and closure planning. We go beyond legal requirements by prioritizing continuous and proactive remediation throughout exploration and development to minimize environmental impact. In cases where disturbed areas, such as roads and exploration sites, align with future operational footprints as outlined in the EIA, remediation efforts will be replaced with environmental compensation measures.

In November 2024, employees from multiple departments at the Cordero project participated in specialized wild flora and fauna rescue training, reinforcing Discovery Silver’s commitment to biodiversity conservation. The training focused on cacti and slow-moving species, including amphibians, reptiles and small mammals, which are particularly vulnerable to vehicle and machinery traffic. By enhancing employee awareness and adherence to conservation regulations, this initiative strengthened our efforts to protect local wildlife.

Additionally, in 2024, we conducted extensive monitoring of bat populations and aquatic life to assess ecosystem health and biodiversity near our operations. Looking ahead to 2025, we plan to expand research on these species, with a particular focus on pollinators, which will play a key role in shaping our environmental mitigation measures and concurrent mine closure strategies.

Performance

Discovery Silver is committed to minimizing land disturbance and protecting biodiversity as the Cordero project advances. In 2023, our Feasibility Study drilling program disturbed 432,943 m² of land, an increase from the previous year. To mitigate this, we began progressive remediation efforts that restored over 30,000 m² and exceeded government requirements. With a smaller operational footprint in 2024, we continued land stewardship, remediating 447 m². Additionally, we integrated environmental considerations into infrastructure planning, strategically selecting construction locations along existing roadways to minimize ecological impact and reduce permitting requirements.

Since 93% of disturbed roads and pads fall within the planned mine footprint, as outlined in the EIA, direct restoration is not possible in these areas. Instead, we will implement environmental compensation measures to restore land outside the project area.

Monitoring biodiversity is essential for responsible resource management. In 2024, we continued biodiversity monitoring across our 34,000-hectare project site, working with third-party consultants to conduct quarterly baseline studies on flora and fauna. These studies provide valuable data for conservation planning and establish a baseline for future monitoring. To assess ecosystem health, we monitor key ecological parameters, such as biodiversity index, biological importance and species abundance. These efforts reinforce our commitment to biodiversity protection as we develop the Cordero project.

	2024	2023	2022
Surface area disturbed (m ²)	0	432,943	314,209
Surface area remediated (m ²)	447	30,837	22,695
Threatened and endangered species ¹² (#)	30	30	26
Flora	11	11	13
Fauna	19	19	13

Protected species

As part of our flora and fauna relocation program, in 2024, we rescued 21 animals, a decrease from the 29 animals and 1 plant we rescued in 2023. This includes 10 occurrences of threatened species by SEMARNAT guidelines. Our efforts to rescue these species may include relocation or in-place protection due to their fragility and size.

¹² Under the NOM-059-SEMARNAT-2010 and Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) watch list.

Appendix

PERFORMANCE TABLE

Economic Contributions	Mining duties paid to government of Mexico (\$)	924,944	811,967	830,583	
Board and Management Diversity	Independent directors that are women (%)	33.3	33.3	40.0	
	Senior Management that identifies as ethnically diverse (%)	37.5	37.5	16.7	
Health and Safety	Fatalities	0	0	0	
	Recordable incidents	1	4	1	
	Total recordable incident frequency (TRIF) <i>(# of recordable incidents ÷ # of hours worked x 200,000)</i>	1.82	3.23	0.52	
	Days away, restricted or transferred (DART) rate <i>(# of recordable cases involving days away from work, restricted work activity, or job transfer ÷ # of hours worked x 200,000)</i>	1.82	1.61	0.52	
	Motor vehicle incident rate <i>(# of motor vehicle incidents ÷ kilometres driven x 1,000,000)</i>	29.79	41.62	9.14	
	Near miss incident (NRI) rate <i>(# of reported near misses ÷ total hours worked in the period x 200,000)</i>	0.00	3.23	3.66	
	High potential incident (HPI) rate <i>(# of incidents that have the potential to cause serious injuries or illnesses and/or death ÷ # of hours worked x 200,000)</i>	1.82	0	1.57	
	Orientation sessions for site workers and visitors	126	114	135	
	Average hours of health, safety, and emergency training <i>(# hours of health and safety training / total number of employees)</i>	37.34	26.23	19.73	
	Emergency drills completed	11	12	11	
	Workforce	Employee salaries and benefits (\$)	10,850,714	8,847,536	6,738,989
		Total workforce	35	85	153
		Employees	30	69	77
	Contractors	5	16	76	
	Employee turnover (%)	103.8	20.4	35.0	
	Local employees (% of employees)				
	Canada	90.9	100.0	100.0	
	Mexico	73.7	85.7	85.1	
	Employee diversity (%)				
	Women	40.0	42.2	32.5	
	Men	60.0	57.8	67.5	

ISSUE	INDICATOR	2024	2023	2022
Community Relations	Total community investment (\$)	122,436	192,822	197,358
	Local spend on goods and services (\$)	4,362,040	19,174,090	25,946,072
	Number of project agreements	19	43	9
	Community feedback Engagements	0	2	4
		33	45	19
Environment	Reportable environmental incidents	0	0	0
	Total energy use (GJ)	4,527.34	15,944.86	21,445.07
	Diesel	3,257.74	14,531.05	19,975.71
	Gasoline	246.59	991.24	813.89
	LPG	187.87	287.70	584.84
	Electricity	835.14	134.87	70.63
	Total GHG emissions (tCO ₂ e)	605.41	1,228.48	1,692.77
	Scope 1 emissions	275.28	381.74	411.37
	Scope 2 emissions	100.40	13.84	2.60
	Scope 3 emissions	229.73	832.90	1,278.79
	Total water withdrawal (m ³)	2,150.00	21,126	59,482
	Total water discharge (m ³)	1,845.30	20,260	50,021
	Total water consumption (m ³)	304.70	866	9,461
	Total water recycled (m ³)	0	0	191
	Surface area disturbed (m ²)	0	432,943	314,209
	Surface area remediated (m ²)	447	30,837	22,695
Biodiversity				
Threatened and endangered species identified	30	30	26	

SASB INDEX

Discovery is reporting against the metrics listed within the Sustainability Accounting Standards Board for Metals & Mining.

TOPIC	CODE	ACCOUNTING METRIC	RESPONSE, LINK OR ADDITIONAL INFORMATION
Greenhouse Gas Emissions	EM-MM-110a.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	275.28 tCO ₂ e
	EM-MM-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discovery is focused on establishing a baseline of its emissions and has been disclosing Scope 1, 2 and 3 emissions since 2020. Refer to Energy Use and Greenhouse Gas Emissions for further information.
Air Quality	EM-MM-120a.1	Air emissions of the following pollutants:	(1) 0.00 ppmV
		(1) CO	(2) 0.00 ppmV
		(2) NOx (excluding N ₂ O)	(3) 0.00 mg/m ³
		(3) SOx	(4) 28.63 µg/m ³
		(4) Particulate matter (PM10)	(5) 0.00 mg
		(5) Mercury (Hg)	(6) 0.00 µg/m ³
		(6) Lead (Pb)	(7) 0.00 mg/m ³
Energy Management	EM-MM-130a.1	(1) Total energy consumed	(1) 4,527.34 GJ
		(2) Percentage grid electricity	(2) 17.98%
		(3) Percentage renewable	(3) 0.47%
Water Management	EM-MM-140a.1	(1) Total fresh water withdrawn	(1) 2,150m ³
		(2) Total fresh water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	(2) 304.7 m ³
	EM-MM-140a.2	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	0

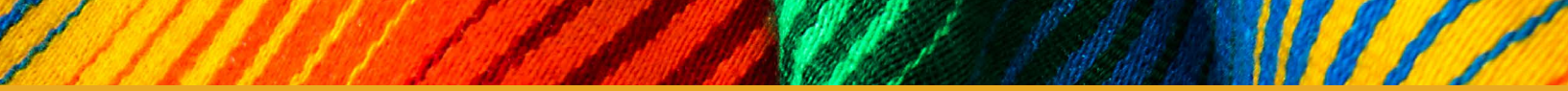
TOPIC	CODE	ACCOUNTING METRIC	RESPONSE, LINK OR ADDITIONAL INFORMATION
Waste & Hazardous Materials Management	EM-MM-150a.4	Total weight of non-mineral waste generated	0
	EM-MM-150a.5	Total weight of tailings produced	0
	EM-MM-150a.6	Total weight of waste rock generated	0
	EM-MM-150a.7	Total weight of hazardous waste generated	1.4 metric tons
	EM-MM-150a.8	Total weight of hazardous waste recycled	70% (1.0 m ³ tons)
	EM-MM-150a.9	Number of significant incidents associated with hazardous materials and waste management	0
	EM-MM150a.10	Description of waste and hazardous materials management policies and procedures for active and inactive operations	Discovery has environmental practices to ensure the proper handling of hazardous materials.
Biodiversity Impacts	EM-MM-160a.1	Description of environmental management policies and practices for active sites	Discovery has several environmental practices to manage our environmental impacts. Refer to the Protecting the Environment for further information.
	EM-MM-160a.2	Percentage of mine sites where acid rock drainage is: (1) Predicted to occur (2) Actively mitigated (3) Under treatment or remediation	Not applicable. The Cordero project is currently in the feasibility stage.
	EM-MM-160a.3	Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat	Not applicable. The Cordero project is currently in the feasibility stage.

TOPIC	CODE	ACCOUNTING METRIC	RESPONSE, LINK OR ADDITIONAL INFORMATION
Security, Human Rights & Rights of Indigenous Peoples	EM-MM-210a.1	Percentage of (1) proved and (2) probable reserves in or near areas of conflict	In 2024, the government office indicated that there are no records of indigenous populations within Discovery Silver's mining concessions.
	EM-MM-210a.2	Percentage of (1) proved and (2) probable reserves in or near indigenous land	In 2024, the government office indicated that there are no records of indigenous populations within Discovery Silver's mining concessions.
	EM-MM-210a.3	Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict	Discovery has a Human Rights, Diversity and Inclusion Policy which outlines our commitment to protecting and respecting human rights.
Community Relations	EM-MM-210b.1	Discussion of process to manage risks and opportunities associated with community rights and interests	We have a Social Management Plan to manage interests, concerns, risks, and opportunities related to the communities in which we operate. For further information, refer to the Providing Long-term Socio-economic Benefits to the Communities in which we Operate .
	EM-MM-210b.2	Number and duration of non-technical delays	0
Labour Relations	EM-MM-310a.1	Percentage of active workforce covered under collective bargaining agreements, broken down by U.S. and foreign employees	0
	EM-MM-310a.2	Number and duration of strikes and lockouts	0
Workforce Health & Safety	EM-MM-320a.1	(1) MSHA all-incidence rate, and (b) contract employees	(1) Our Total recordable incident frequency (TRIF) is 1.82
		(2) Fatality rate	(2) 0
		(3) Near-miss frequency rate (NMFR) ¹³	(3) 0
		(4) Average hours of health, safety, and emergency response training for workforce	(4) 37.34

¹³ Near Miss Frequency Rate (NMFR) = the number of reported near misses x 200,000 ÷ total hours worked in the period.

TOPIC	CODE	ACCOUNTING METRIC	RESPONSE, LINK OR ADDITIONAL INFORMATION
Business Ethics & Transparency	EM-MM-510a.1	Description of the management system for prevention of corruption and bribery throughout the value chain	<p>Discovery is committed to conducting business with high ethical standards.</p> <p>In 2024, we received a report via the Whistleblower hotline. An investigation was carried out and communicated to the sustainability committee.</p> <p>Discovery's Code of Business Conduct and Ethics and Anti-Bribery and Anti-Corruption Policy articulates our expectations, and the Whistle Blower Policy sets out our requirements to ensure that a confidential and anonymous process exists for persons to report any issues. In 2022, we implemented a Whistleblower hotline.</p> <p>Refer to Our Policies and Systems for further information.</p>
	EM-MM-510a.2	Production in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	0%
Tailings Storage Facilities Management	EM-MM-540a.1	Tailings storage facility inventory table: (1) facility name, (2) location, (3) ownership status, (4) operational status, (5) construction method, (6) maximum permitted storage capacity, (7) current amount of tailings stored, (8) consequence classification, (9) date of most recent independent technical review, (10) material findings, (11) mitigation measures, (12) site-specific EPRP	Discovery does not have any tailings storage facilities.
	EM-MM-540a.2	Summary of tailings management systems and governance structure used to monitor and maintain the stability of tailings storage facilities	Discovery is still assessing the feasibility of its Cordero mine.
	EM-MM-540a.3	Approach to development of Emergency Preparedness and Response Plans (EPRPs) for tailings storage facilities	Discovery is still assessing the feasibility of its Cordero mine.





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