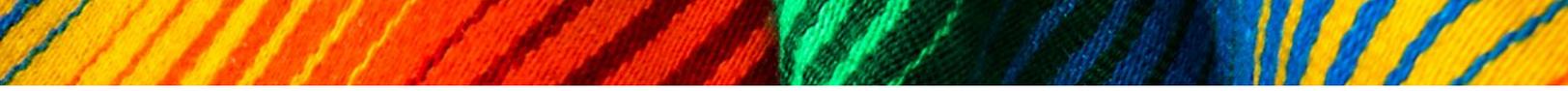




GROWING PEOPLE
SUPPORTING COMMUNITIES
PROTECTING THE ENVIRONMENT

2021

Environmental, Social
and Governance Report



ABOUT THIS REPORT

Welcome to Discovery Silver's annual Environmental, Social and Governance (ESG) Report. This report represents our continued commitment to providing greater transparency on our ESG initiatives and performance. This report was guided by the Sustainability Accounting Standards Board (SASB) Mining and Metals Standard.

The 2021 ESG Report focuses on performance and activities from January 1 to December 31, 2021. All financial information is reported in Canadian dollars unless otherwise stated.

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

Available in English and Spanish, an archive of past ESG Reports is available at discoverysilver.com/sustainability/esg-management/. We welcome questions and feedback on our report which can be directed to info@discoverysilver.com

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MESSAGE FROM THE CHAIR OF THE BOARD OF DIRECTORS

Discovery Silver is a Canadian exploration and development company focused on advancing our flagship project, Cordero, located in the Chihuahua State of Mexico. Since inception, Discovery has set out to be a trusted and responsible operator, striving to create value for all of our stakeholders.

Metals such as silver play an essential role in decarbonizing societies to lead to a cleaner and more sustainable future. Silver is the best conductor of electricity and is used to develop solar panels, electric vehicles, for 5G (fifth generation technology) broadband cellular networks and across additional industrial applications. As the 100% owner of one of the world's largest undeveloped silver deposits, we recognize our environmental and social responsibility as it relates to this unique asset. We believe that development and environmental protection can co-exist if activities are carefully planned, executed, and incorporate community interests with a continuous effort to improve performance.

We strive to be a positive force by providing benefits to communities, protecting the environment and creating a safe, diverse and inclusive workplace.

Cordero's Milestones

It was a busy year as we completed Cordero's Phase 1 drill program in April 2021 and started the Phase 2 drill program, which is expected to be complete in the second half of 2022. We also completed a Preliminary Economic Assessment in November 2021 that was based on our updated Mineral Resource estimate and comprehensive metallurgical test work program.

Growing our Workforce and ESG Competencies

Our workforce grew to over 150 employees and contractors to support our exploration activities. We expanded our ESG competencies by welcoming a team of sustainability professionals, including a Sustainability Manager, Health and Safety Coordinator, Human Resources Coordinator, Environmental Coordinator, and Social Coordinator. All were local hires based in Mexico. Key team members also grew their understanding of sustainability issues by completing the International Association for Sustainable Economy (IASE) Level 1 certification program, and we have identified additional team members who will participate in the program.

Enhancing our Management Systems

We enhanced our Sustainability Management System (SMS), developing additional policies and implementing new standards to outline our expectations to support our business, people and the environment. We provided training to our workforce regarding our Code of Business Conduct and Ethics, a key component of our SMS, to build awareness and understanding of our expectations of acting with honesty and integrity.



1.18

Total Recordable Injury Frequency
(vs 2.59 in 2020)



40%

Of management identify as ethnically diverse



28%

Of employees are women
(Goal: 30% by 2024)



ZERO

Environmental incidents



Diversity and Inclusion

Discovery had set a target of having at least 30% women in the workforce by the end of 2024. In 2021, women represented 28.4% of our team – a key milestone and improvement from last year – and hold key positions within our company. We plan to set up a mentorship program to support women and help them grow within our company. In 2021, we also joined the International Women in Mining Network to pursue gender equality, promote women's voices, access to opportunities, and leadership in mining.

Our Health and Safety Performance

As the COVID-19 pandemic continues, we monitored directives of all levels of government in Mexico and Canada and adjusted our protocols as appropriate, increased the cleaning of our facilities, provided our team with personal protective equipment and provided employees with a financial incentive to return to work COVID-19 free.

In 2021, we maintained our zero fatalities record since inception. Our Total Recordable Incident Frequency (TRIF) decreased to 1.18 compared to last year. Unfortunately, our Days Away, Restricted or Transferred (DART) rate increased to 24.84. Two of our employees experienced cutting injuries that resulted in over a month and a half of days of recovery time and are now back to work. We take every incident seriously and have enhanced our procedures to minimize risks and hazards, investigate and share lessons learned to prevent incidents from re-occurring.

We continued to build the safety culture of our organization by promoting the ability of our workforce to openly discuss safety issues and by reinforcing their obligation to report

incidents. In addition, we held an inaugural health and safety week, with this year's theme focusing on creating a safe working environment, emergency preparedness and response, lessons learned during the COVID 19 pandemic, and introduced 'golden' safety rules.

Understanding and Supporting Communities

We are working to minimize potential adverse social and environmental impacts by listening, learning and working together with local communities. In 2021, we completed a Social Baseline Study for Cordero, where we engaged with over 2,300 people across 25 stakeholder groups through surveys, interviews and focus groups within the municipalities of Hidalgo del Parral, Santa Bárbara, Valle de Zaragoza and San Francisco del Oro. This was to understand baseline socio-economic and cultural information of these municipalities, perceptions of the mining industry, and their vision of Cordero and Discovery. As follow-up to this study, we developed a Social Management Plan to minimize and mitigate potential adverse impacts that Cordero may have on our stakeholders as we continue to develop and grow.

In 2021, we continued to provide community investments, supporting several local organizations. For next year, we will be expanding our community investments to provide further support to disadvantaged groups, including children, women and seniors, across education and training, health and community infrastructures and will be working in collaboration with communities and the Mexican government. Our aim is to build the capacity and resilience of communities, so they continue to thrive beyond the eventual closure of our operations.

Environmental Protection and Performance

We conducted an Environmental Baseline Study for Cordero to understand the environmental conditions at and surrounding our site before development occurs. The study measured and monitored metrics related to water, soil, air, flora and fauna. Environmental monitoring at Cordero will be regularly conducted culminating in an annual study to review any changes to the environment. In 2021, we maintained zero environmental incidents consistent with last year.

This year we expanded upon our annual tracking of energy use and greenhouse gas (GHG) emissions to include our drilling contractors, so performance is not comparable with the past year. In 2021, our energy use was over 22,000 gigajoules (GJ), and our total GHG emissions increased to 1,733.37 tonnes of carbon dioxide equivalent (tCO₂e).

We recognize that water is a key concern to our stakeholders, and we echo this view. In 2021, we installed flow meters at each drill to track water usage and contracted an external accredited laboratory to biannually test our water quality to ensure our activities do not impact groundwater. Our total water consumption to support the drilling programs increased to 2,733 cubic metres (m³). Next year, we will develop a Water Stewardship Strategy and install a wastewater treatment system for Cordero's camp and offices so this water can be reused for drilling activities and will minimize our groundwater consumption.

In 2021, the surface area disturbed increased to 59,677 square metres (m²). To minimize and offset our land-use impacts we have a few initiatives planned for 2022, including restoring the land where Discovery is reasonably certain it will no longer be used for drilling, building a forest nursery to grow native plants and creating a reforestation program in urban areas.

Voluntary Frameworks and Standards

Discovery is supportive of the United Nations Global Compact (UNGC) and United Nations Sustainable Development Goals (SDGs). This report highlights how we are advancing the ten principles of the UNGC and our priority SDGs. Additionally, we have enhanced our disclosures by providing information against the Sustainability Accounting Standards Board's (SASB) Metals and Mining Standard. In 2022, we plan to conduct a scenario analysis and assess how to align with Task Force on Climate-related Financial Disclosures (TCFD). As the reporting landscape changes, we will be in a better position to meet future requirements and expectations.

Progressing Forward Together

We are still in the early stages of our ESG journey. We remain committed to being a leader in all aspects of our operations by being bold and thinking outside the box, but also by listening to our stakeholders. The opportunities have never been greater to create a more sustainable future for people and the planet, and we want to continue to shape this path with our stakeholders. Thank you for your continued interest in Discovery and for reading our 2021 ESG Report.



Murray John
Chair of the Board

2021 PERFORMANCE HIGHLIGHTS

Governance and Management

- 6 of our 7 directors are independent
- 33.3% of independent directors are women
- 40.0% of management identify as ethnically diverse
- 2 members of Senior Management have passed Level 1 International Sustainable Business (ISB) training

Workforce

- 100% of Canadian employees are local and 94.8% of Mexican employees are local
- 28% of employees are women
- \$4,927,600 paid in employee salaries and benefits
- 2,194 total training hours on Code of Business Conduct and Ethics, health and safety, environmental management, emergency response, and human resources

Community

- \$10,301,261 in local spend on goods and services
- Over \$41,000 in community investments

Health and Safety

- ZERO fatalities
- Total Recordable Injury Frequency (TRIF) of 1.18
- Days Away, Restricted or Transferred (DART) rate of 24.84
- 6 emergency drills conducted

Environment

- Scope 1 GHG emissions of 309.60 tCO₂e
- Scope 2 GHG emissions of 3.99 tCO₂e
- Scope 3 GHG emissions of 1,419.78 tCO₂e
- 22,339.44 GJ of energy consumed
- ZERO reportable environmental incidents
- 2,773 m³ of water consumed
- 59,677 m² of surface area disturbed



ABOUT US

Discovery Silver Corp. (TSX-V: DSV, OTCQX: DSVSF) is a Canadian exploration and development company. Supporting our people and local communities, minimizing our impact on the environment and developing robust governance systems allow us to create enduring value for our stakeholders and contribute to responsible development.

Discovery Silver Corp. (“Discovery” or the “Company”) is headquartered in Toronto, Canada, and is listed on the TSX Venture Exchange under the symbol “DSV” and the OTCQX market under the symbol “DSVSF”.¹ Discovery operates in historic mining districts in Mexico and is focused on advancing its 100%-owned flagship Cordero silver project in Chihuahua State, Mexico towards an eventual construction decision. On June 6, 2022, Discovery announced that Taj Singh has stepped down from his position as President and Chief Executive Officer and has resigned from the Board of Directors for personal reasons. We thank Mr. Singh for his efforts during his five-year tenure with the Company and wish him all the best in the future. Tony Makuch, an

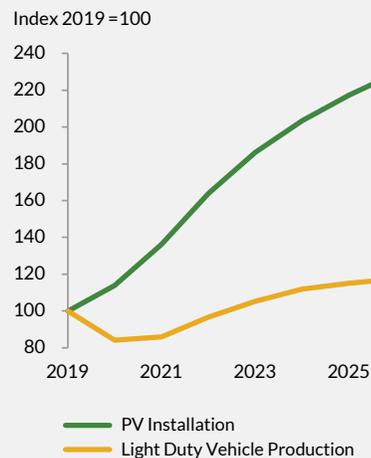
independent director of the Company has been appointed Interim Chief Executive Officer.²

We are excited about the role silver can play in the energy transition and have a talented and growing team helping us meet our mission of delivering sustainable value for all stakeholders by operating in a safe and responsible manner and having a positive impact on local communities. At the onset, we knew we wanted to build a company that acted responsibly, where we are trusted and supported by local communities and other stakeholders, and where employees are proud of the work that they do.

Long-term Silver Outlook

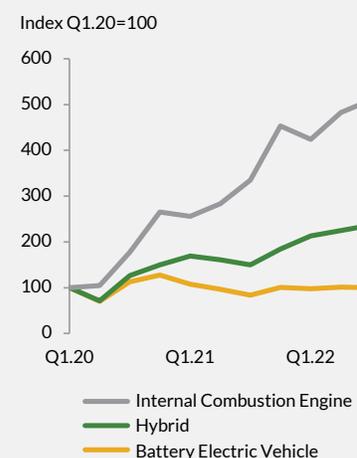
Silver has an important role to play in the energy transition. Silver is the best conductor of electricity and is used in a variety of industrial applications such as in the production of solar panels, electric vehicles, and fifth generation (5G) broadband cellular networks.

Longer-Term Industrial Demand Indicators



Source: GTM, Metals Focus, LMC Automotive

Quarterly Vehicle Production by Powertrain



Source: Metals Focus, LMC Automotive

1 On April 14, 2021 the Company changed its name from Discovery Metals Corp. to Discovery Silver Corp.
 2 For additional information, please refer to our news release dated June 6, 2022.

COMMUNICATING OUR COMPANY'S VISION, MISSION AND VALUES

We rolled out and shared the Company's vision, mission and values to support awareness, establish expectations and motivate our team towards these guiding statements. To instill our overall vision and purpose, we held both team and individual meetings in addition to updating our office signage and communications materials.

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 with respect, honesty and high ethical standards, all values that are vital to building and maintaining strong and trusting relationships.
- + **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 role and take advantage of opportunities to grow with the Company.



OUR PROJECTS

All minerals found in Mexican territory are owned by the nation of Mexico. Companies such as ours are granted mineral concessions by the Mexican Federal Government to explore and potentially mine minerals. To advance to the mineral extraction stage, companies must undergo a regulatory process and successfully complete an economic assessment and Environmental Impact Assessment, subject to the approval of the Mexican Federal Government.

Cordero, Our Flagship Project

LOCATION AND COMMUNITIES OF INFLUENCE

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

SIZE

- + Top 5 primary silver mine
- + 35,000-hectare property
- + Annual production of +26 million ounces of silver equivalent

MARGIN

- + Operating margin of +60%
- + Life of mine all-in sustaining costs of \$12.35/ounce silver equivalent

MINE LIFE

- + 16-year mine life with clear extension potential

The Cordero project ("Cordero") is considered one of the world's largest undeveloped silver resources and one of the few silver projects globally that offers margin, size and scalability. It is also referred as Mexico's most precious silver asset. Approximately 35,000 hectares, the project is located close to infrastructure in a prolific mining belt in Chihuahua State, Mexico.

Since acquiring Cordero in August 2019, our focus has been on leveraging the under-explored higher-grade zones within the larger mineralized system with the objective of defining a high-margin project with scale. Discovery has all of the necessary permits needed for exploration and in 2021 operated four drill rigs to advance our Phase 1 and



Phase 2 Drilling Programs to complete infill drilling aimed at converting resources to reserves. This allowed us to complete a Preliminary Economic Assessment to convert known resource into a deposit that has the potential to be economically mined and test the grades and continuity of high-grade veins on the Cordero property.

Significant milestones:

- + Completed the Phase 1 Drill Program in April 2021 and commenced Phase 2
- + Updated the Mineral Resource Estimate in October 2021
- + Completed the Preliminary Economic Assessment in November 2021

Upcoming milestones:

- + Continuation of the Phase 2 Drill Program in 2022
- + Commence Phase 3 Drill Program in H2 2022
- + Complete a Pre-feasibility Study in late Q3 2022
- + Feasibility Study and Construction Decision anticipated in 2023

Our Pipeline Projects

In addition to our flagship project, we have three growth projects all located in Coahuila State, Mexico.³



Minerva

LOCATION

- + Approximately 230 kilometres (km) northwest of the city of Melchor Musquiz Coahuila State; located approximately 25 km west of the La Encantada Mine (First Majestic Silver Corp.).

PROJECT DESCRIPTION

- + Historically, Minerva was a high-grade silver-lead-zinc artisanal mine. Discovery has carried out the first significant modern exploration program on three main areas of the property.

Monclova

LOCATION

- + Located in the Castaños municipality 25 km southwest of Monclova in Coahuila State.

PROJECT DESCRIPTION

- + Historically, Monclova was a high-grade silver-zinc-lead artisanal mine. Discovery has carried out the first significant modern exploration program on two main zones of historical workings and mineralization called the Real Viejo and the Soledad areas.

Puerto Rico

LOCATION

- + Approximately 250 km northwest of the city of Melchor Muzquiz in Coahuila State.

PROJECT DESCRIPTION

- + Puerto Rico is located within a large, multi-target carbonate replacement silver-zinc-lead mining district that has historically produced approximately one million tonnes of shallow, high-grade, direct-shipping ore. The project is host to three large-scale artisanal underground mines (Puerto Rico Mine, the San Jose Mine, and the Zaragoza Mine).

³ On November 2, 2021, Discovery transferred and assigned our rights and obligations under the option agreement on the Jemi Rare Earth Property, located in the Ocampo municipality, to Monumental Gold Ltd., to better align pipeline projects that have a precious metals focus.

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.

In 2021,
our economic
contributions
were:



\$660,276
in mining duties
paid to the
Government of Mexico



\$41,393
in community
investments



\$10,301,261
on local goods and
services in Mexico



\$4,927,600
in employee salaries
and benefits



SUPPORTING THE UNITED NATIONS GLOBAL COMPACT AND SUSTAINABLE DEVELOPMENT GOALS

The United Nations Global Compact (UNGC) is one of the largest voluntary global corporate sustainability initiatives and advocates for a principles-based approach to doing business.

By incorporating its ten principles on fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption into strategies, policies and procedures, and establishing a culture of integrity, companies can uphold basic responsibilities to people and planet and set the stage for long-term success.

Discovery is supportive of the UNGC's ten principles and here are ways in which we are implementing these principles.

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights

- + Our Human Rights and Diversity Policy states our commitments to respecting human rights as set forth in international standards and under international humanitarian law
- + We developed Human Rights and Indigenous Peoples Standards in 2021

Principle 2: Businesses should make sure that they are not complicit in human rights abuses

- + Our Human Rights and Diversity Policy states our commitment to ensure we are not contributing to human rights abuses or any breaches of humanitarian law, in accordance with our commitment to the World Gold Council's Conflict-Free Gold Standard⁴
- + We developed Human Rights, Indigenous Peoples Standards, Inclusion and Diversity and Professional Conduct and Employment without Discrimination Standards in 2021

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

- + Our Human Rights and Diversity Policy states the Company's commitment to respecting workers' rights, including freedom of peaceful assembly and association, and engagement in collective bargaining consistent with the relevant International Labor Organization (ILO) conventions
- + We developed Employment and Freedom of Association Standards in 2021
- + We implemented a grievance management procedure to receive and respond to complaints

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour

- + Our Human Rights and Diversity Policy states our commitment to prohibit the use of forced and compulsory labour
- + We developed an Employment Standard in 2021

Principle 5: Businesses should uphold the effective abolition of child labour

- + Our Human Rights and Diversity Policy states our commitment to prohibit the use of child labour
- + We developed an Employment Standard in 2021

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation

- + Our Human Rights and Diversity Policy states our commitment to respecting the rights and dignity of employees and contractors and creating a safe and

⁴ Developed by the World Gold Council and based upon internationally-recognized benchmarks. The World Gold Council Conflict-Free Gold Standard[®] helps companies to provide assurance that their gold is not contributing to conflict. Although our company is predominately focused on silver, we are supportive of this Standard.

diverse workplace where decisions are non-discriminatory towards ethnic origin, religion, political belief, gender, sexual orientation, age, nationality, education or disability

- + We developed Employment, Professional Conduct and Employment without Discrimination, and Inclusion and Diversity Standards in 2021
- + We implemented a grievance management procedure to receive and respond to complaints

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges

- + Our Sustainability and Social Agreement Policy states our commitment to environmental protection and fostering a culture of environmental responsibility
- + We developed 12 Environmental Standards in 2021 including an approach to environmental permits and licences and environmental monitoring
- + We conducted an Environmental Baseline Study to better understand environmental impacts in 2021

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility

- + Our Sustainability and Social Agreement Policy states our commitment to environmental protection and fostering a culture of environmental responsibility
- + We conducted an Environmental Baseline Study to better understand environmental impacts in 2021
- + We developed 12 environmental standards on topics such as environmental compliance, water management, climate change, land use and biodiversity, waste management and environmental monitoring to ensure environmental protection in 2021
- + We implemented an environmental monitoring program
- + We developed the Leadership, Responsibility and Accountability Standard, which indicates our individual

responsibility towards the environment in all the activities of our business

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies

- + Our Sustainability and Social Agreement Policy states our commitment to environmental protection and fostering a culture of social responsibility
- + We developed Climate Change and Energy Use Standards in 2021
- + In 2022, we will be evaluating energy efficiency options of its site equipment

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

- + Our Code of Business Conduct and Ethics and Anti-Bribery and Anti-Corruption Policy states our commitment to conducting its business in accordance with all applicable laws, rules and regulations and high ethical standards to provide the foundational tenets of ethical business practices and requirements for expectations for compliance
- + We have a process in place to ensure compliance with all relevant laws, rules, and regulations governing bribery and corruption, including the Canadian Corruption of *Foreign Public Officials Act*
- + Our Whistleblower Policy outlines our commitment to ensure a confidential and anonymous process exists so persons can report any ethical concerns
- + We created a whistleblower email address for issues to be reported in 2021
- + In 2022, we will create a community grievances email address for any issues to be reported concerning our Mexican operations



UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The United Nations developed and adopted 17 Sustainable Development Goals (SDGs) in 2015 as a universal call for action to countries to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity. The SDGs are also supported by many companies, such as ours.

We reviewed the SDGs and the targets developed for each SDG.⁵ We focus on nine SDGs that align with our business and where we can make a positive impact.

ESG Pillar: Operate with excellence and integrity



Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels (16.5)

POLICIES AND STANDARDS

- + Anti-Bribery and Anti-Corruption Policy
- + Code of Business Conduct and Ethics
- + Sustainability and Social Agreements Policy
- + 18 business standards, including leadership, accountability, economic sustainability, risk and opportunity management, and more

PROGRESS ON THE SDGS

- + Our Anti-Bribery and Anti-Corruption Policy ensures business is conducted in an honest and ethical manner by setting out responsibilities and providing guidance on how to recognize and deal with bribery and corruption issues
- + In accordance with the Code of Business Conduct and Ethics, Discovery complies with all relevant laws, rules and regulations governing bribery and corruption, including the Canadian Corruption of *Foreign Public Officials Act* and any other country in which the Corporation may operate
- + We created a whistleblower email address for issues to be reported in 2021 and will be creating a community grievances email address for any issues to be reported concerning our Mexican operations in 2022
- + We have a detailed process for review and investigation of complaints/incidents

ESG Pillar: Provide a safe, healthy, and respectful workplace and environment



Ensure healthy lives and promote well-being for all at all ages (3.8, 3.9)

POLICIES AND STANDARDS

- + Occupational Health and Safety Policy
- + Sustainability and Social Agreements Policy
- + Health and Safety Standards
- + Environmental Standards

PROGRESS ON THE SDGS

- + Our Occupational Health and Safety Policy states our commitment to creating and maintaining a safe working environment and our goal to have zero work-related injuries and physical and mental illnesses
- + We provide comprehensive health insurance to employees to ensure that they have access to quality essential healthcare services and safe, effective, quality, and affordable essential medicines
- + We conduct a periodic risk assessment to reduce the likelihood of illnesses from hazardous chemicals and air, water, and soil pollution and contamination
- + We continuously identify and aim to eliminate occupational health-related risks and hazards that include both physical and mental health
- + We have put in place health and safety protocols, provided necessary protective equipment, expanded onsite infrastructure, and encouraged testing and vaccination against COVID-19 to protect our workforce and their families during the pandemic. We have also provided a financial incentive to those who return to site COVID-19 free
- + We are continuously expanding on the reporting of health and safety metrics and improving our performance across our organization to promote safe and secure working environments for all workers



Achieve gender equality and empower all women and girls (5.5)

POLICIES AND STANDARDS

- + Human Rights, Diversity and Inclusion Policy
- + Diversity and Inclusion Standard
- + Professional Conduct and Employment without Discrimination Standard

PROGRESS ON THE SDGS

- + Our Human Rights, Diversity and Inclusion Policy and supporting Human Resources Standards set out our commitments to respecting human rights, enhancing diversity and inclusion, and ensuring respectful, professional and non-discriminatory conduct in the workplace, including in the dealings with Discovery employees, contractors, suppliers and business partners
- + We have set a target of having 30% women in the workforce by the end of 2024. We are close to meeting our target and will be implementing a recruitment procedure to help us meet our goal
- + We joined the International Women in Mining Network to pursue gender equality and promote women's voices, access to opportunities and leadership in mining
- + We will launch a mentorship program to support the development of women in both technical and corporate roles

ESG Pillar: Provide long-term socio-economic benefits to the communities in which we operate



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all (8.8)

POLICIES AND STANDARDS

- + Human Rights, Diversity and Inclusion Policy
- + Occupational Health and Safety Policy
- + Human Rights Standard
- + Employment Standard

- + Local Employment and Procurement Standard
- + Community Investment Standard

PROGRESS ON THE SDGS

- + Our Human Rights, Diversity and Inclusion Policy and Occupational Health and Safety Policy, helps us protect labour rights and promote safe and secure working environments for all workers including disadvantaged groups
- + We provide local job opportunities and competitive salaries
- + We work with the Servicio Nacional del empleo, the Mexican Federal Government employment office which allows Discovery to use its portal to communicate directly with local applicants regarding available employment opportunities
- + We aim to procure local goods and services to support local communities and have increased our spend year over year



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all (4.4, 4.7)

POLICIES AND STANDARDS

- + People Policy
- + Competence and Training for Sustainability Standard

PROGRESS ON THE SDGS

- + Our People Policy states our commitment to support the development of employees and ensuring a healthy, fair and inclusive workplace that promotes pride in working at Discovery
- + We are supporting our employees to acquire the knowledge and skills they need to succeed in their role and to promote sustainable development
- + We have identified 13 future leaders who we will help grow and develop, including through a mentorship program
- + In 2022, we will be introducing scholarships to support local communities

ESG Pillar: Protect the environment



Ensure availability and sustainable management of water and sanitation for all (6.3, 6.4)

POLICIES AND STANDARDS

- + Sustainability and Social Agreements Policy
- + Water Management Standard

PROGRESS ON THE SDGS

- + Water is a key concern to our stakeholders, and it is a core area of focus for us as well. Our Sustainability and Social Agreements Policy and Water Management Standard set out commitments to manage our environmental impacts, water use and water quality
- + We are working to minimize water use and increase recycling of the water used in our operations and have installed flow meters at each drill to understand and manage our water use
- + We biannually sample and monitor the quality of water on our sites
- + We have engaged external consultants to conduct a hydrological study to understand and manage water-related risks



Take urgent action to combat climate change and its impacts (13.2)

POLICIES AND STANDARDS

- + Sustainability and Social Agreements Policy
- + Mitigation and Adaptation to Climate Change Standard
- + Emissions Control Standard

PROGRESS ON THE SDGS

- + Our Sustainability and Social Agreements Policy and Water Management Standard sets out commitments to manage our environmental impacts
- + We aim to be part of the climate solution, and as part of our Strategic Business Plan, we are planning to conduct scenario analysis and assess how to align with Task Force on Climate-related Financial Disclosures (TCFD)
- + We inventory our GHG emissions and annually disclose our Scope 1, 2 and 3 emissions as part of our ESG Report



Protect, restore, and promote sustainable of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss (15.5)

POLICIES AND STANDARDS

- + Sustainability and Social Agreements Policy
- + Environmental Standards (including Land Use and Biodiversity, Environmental Monitoring and Reclamation and Closure Planning Standards)

PROGRESS ON THE SDGS

- + Our Sustainability and Social Agreements Policy and suite of Environmental Standards ensure we minimize our impact to the environment
- + Discovery monitors the biodiversity around our operations and implements programs to support the protection of the local biodiversity of plants and animals
- + We have a flora and fauna relocation program and are in the process of developing a Restoration Plan
- + We conduct ongoing restoration at drill-pads
- + In the future, we aim to establish a Wildlife Management Unit (UMA)



Ensure sustainable consumption and patterns (12.4, 12.6)

POLICIES AND STANDARDS

- + Sustainability and Social Agreements Policy
- + Business Standards
- + Environmental Standards

PROGRESS ON THE SDGS

- + Discovery has adopted sustainable practices outlined in our Sustainability Management System that includes a suite of policies and standards
- + Since 2020, we have published an annual ESG report

OPERATING WITH EXCELLENCE AND INTEGRITY

We are committed to operating with high standards in corporate governance by conducting our business with integrity, embedding ESG into decision-making and communicating transparently. Our strong governance practices ensure we protect the environment, uplift communities and create value for our stakeholders.

Accountability for ESG starts with our Board of Directors and flows through all levels of our organization, building ESG into our ethos.

Board of Directors

Has overall accountability and oversight of the Company's business including risk management practices and ESG performance and ensures that business is conducted with high standards and integrity. The Board provides strategic direction, establishes and reviews corporate policies, oversees management decisions, reviews the adequacy of the systems and internal controls, and monitors the implementation of Company policies.

CEO and Senior Management Team

Responsible for developing strategic business plans, developing ESG plans and initiatives and implementing risk management practices, with guidance from the Board. Has functional and operational responsibilities to manage the performance of the Company.

Sustainability Manager

Collaborating with the Senior Management Team, is responsible for implementing ESG initiatives and monitoring performance.

Employees

Responsible for acting with integrity in line with Company policies and values and contributing to the implementation of ESG plans and initiatives.



BOARD GOVERNANCE

Our Board of Directors (“Board”) and its four committees have overall accountability for the stewardship of the Company and ensuring that business is conducted with high standards and integrity. The Board ensures that the Company has effective systems and controls to identify, manage and monitor risks. The Board also works with the Senior Management Team to provide guidance on the strategic direction of the Company and oversees Senior Management decisions and the implementation of policies. The Board also provides guidance on ESG activities, reviews and monitors ESG performance, and reviews the Company’s annual ESG report.

Nominating and Corporate Governance Committee

Provides oversight of corporate governance practices and conducts periodic reviews of the Company’s governance policies and makes policy recommendations. This year, the Nominating and Corporate Governance Committee’s charter was updated to specifically include ESG responsibilities.

Sustainability Committee

Provides assistance to the Board in fulfilling its oversight responsibilities related to monitoring sustainable development practices, and the development and implementation of any environmental, health, and safety and social policies of the Company. Reviews the Company’s annual ESG Report.

Audit Committee

Provides assistance to the Board in fulfilling its oversight responsibility to shareholders and the investment community relating to the integrity of the Company’s financial statements, compliance with legal and regulatory requirements such as ensuring a confidential and anonymous process exists to report any ethical concerns, disclosures and qualifications of independent auditors.

Compensation Committee

Provides assistance to the Board in fulfilling its oversight responsibilities related to the Company’s global human resource strategy, policies and programs, and all matters relating to the proper utilization of human resources with special focus on management succession, development and compensation.

Board Diversity

We strive to ensure that our Directors have the qualifications, skills, expertise and experience that will allow the Board to fulfill its mandate. We believe diversity is a key component in delivering on our business objectives and strengthens our decision-making. The Sustainability Committee of the Board is chaired by a woman, and in 2021, we welcomed an additional Director with significant corporate affairs and sustainability experience that is a woman.

	2021	2020
Independent directors that are women (%)	33.3	14.3

2 out of 6 independent directors are women

Our CEO and member of the Board during 2021 identified as ethnically diverse



MANAGEMENT

Our Senior Management Team is responsible for the day-to-day management of the Company and has functional, operational and ESG responsibilities.

- + President and CEO and Senior Management Team:** Responsible for the management and monitoring of ESG performance and has functional and operational responsibilities encompassing exploration, finance, corporate development, stakeholder engagement and investor relations.
- + Country Manager (Mexico):** Is part of the Senior Management Team and is accountable for building strong relationships with local stakeholders and collaborates on ESG initiatives.
- + Sustainability Manager (Mexico):** Hired in 2021, is responsible for implementing Discovery's ESG plans and initiatives, monitoring performance and collaborates with the Management Team.

Welcoming New Team Members

As Discovery advances its projects, we are excited to grow our team to ensure we have the knowledge, skills and experienced people needed to fulfill our business objectives. In 2021, we welcomed a Sustainability Manager along with other key roles that report to the Sustainability Manager, all of whom are local hires in Mexico.

Looking to 2022, we will be recruiting a Chief Operating Officer who will oversee all of Discovery's projects and operations, including ESG functions, building on the momentum we've achieved to date.

Training and Development

We aim to provide our team with professional development to support their roles and interests. In 2021, to bolster our team's understanding of sustainability issues, we offered select individuals (Senior Management and broader employees) where sustainability is a core aspect of their role to enroll in the International Sustainable Business (ISB) training. Run by the International Association for Sustainable Economy (IASE), the ISB is a global certification for ESG and sustainability practitioners who work in non-finance related fields of business.⁶ Modules cover the context of ESG, climate change, sustainable finance, green transition, social inclusion, gender equality, governance, risk management and more. Three members of the Senior Management Team took the Level 1 course, two passed the exam and one member will be taking the exam in 2022, and of our broader team three employees enrolled in this course. Next year, we'll continue to offer this course to key employees as well as identify additional opportunities for professional development.

Management Diversity

In 2021, 40% of our Senior Management Team identified as ethnically diverse. Our performance is consistent with that of last year's as we did not grow our Senior Management Team.

	2021	2020
Management Diversity (%)	40.0	40.0



"I'm pleased to join a company that values sustainability and is acting to have a positive impact. I look forward to working with the team, communities and other key stakeholders to learn more about their passions, interests and concerns and how we can work together."

- Juan Carlos Ramirez Martinez, Sustainability Manager

⁶ Information on the International Sustainable Business certification can be found here.



POLICIES AND SYSTEMS

Discovery has developed a robust management system that sets out the expectations we have for directors, employees, and contractors to operate with high standards, integrity and in line with the Company’s mission.

Our Sustainability Management System (SMS) is made up of policies, standards and procedures that encompass topics such as business conduct, climate change, water use, health and safety, human rights, community engagement and more. Our policies establish our principles and commitments; standards provide the requirements that will help enforce the policies; and procedures provide further instructions and guidance. In 2021, we made updates to our SMS, introducing a number of new policies and standards. To build awareness and understanding of our SMS, we held in-person and virtual sessions to socialize and discuss the Code of Business Conduct and Ethics – a foundational element of our SMS. In 2022, we will provide additional training to ensure our workforce understands our policies, standards and procedures and how to apply them in their work. Our SMS is internally audited each year to ensure continuous improvement.

Sustainability Management System

Code of Ethics

The Code of Business Conduct & Ethics is the foundational element of our SMS to ensure ethical behaviour.

Policies

Our policies outline our principles and commitments in line with our vision, mission and values.

- + Anti-Bribery and Corruption Policy
- + Whistleblower Policy
- + Confidentiality and Securities Trading Policy
- + Disclosure Policy
- + Occupational Health and Safety Policy
- + Human Rights and Diversity Policy
- + People Policy
- + Sustainability and Social Agreements Policy
- + Property and Asset Protection Policy
- + Mineral Resource Development Policy

Standards

We have a number of standards that state the requirements to help meet our policies.

- + Management System Standards (18)
- + Health and Safety Standards (5)
- + Environmental Standards (12)
- + Social Standards (10)
- + Human Resources Standards (8)
- + Security Standard (1)

Procedures

Procedures provide further instructions and guidance to meet our standards.

Core ESG Policies

We have a set of eight core policies that integrate ESG criteria into our decision-making. Corporate policies are reviewed annually by the Board, to re-assess their adequacy, ensuring they continue to comply with laws and regulations.

As part of our commitment to continuous improvement, in 2021, we developed additional policies, including the Occupational Health and Safety Policy, Sustainability and

Social Agreement Policy, People Policy, Property and Asset Protection Policy and Mineral Resource Development Policy. This year, we also introduced a dedicated whistleblower email where incidents would be reported and then investigated by the Audit Committee Chair.

Further information on our policies, can be found on our website.

01 CODE OF BUSINESS CONDUCT AND ETHICS
Ensures that business is conducted honestly, with integrity and impartiality and complies with applicable laws, rules and regulations

02 WHISTLEBLOWER POLICY
Ensures there is a confidential and anonymous process to support persons who report ethical concerns

03 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

04 HUMAN RIGHTS, DIVERSITY AND INCLUSION POLICY
Outlines the Company's commitment to respecting human rights, respecting diversity and fostering a culture of inclusion

05 OCCUPATIONAL HEALTH AND SAFETY POLICY
Outlines the Company's goal of zero harm and ensures that Discovery creates a safe working environment

06 PEOPLE POLICY
Outlines the Company's commitment to support the development of employees. Ensures a healthy, fair and inclusive workplace

07 SUSTAINABILITY AND SOCIAL AGREEMENT POLICY
Outlines the Company's commitment to minimizing our impact to the environment and communities

08 MINERAL RESOURCE
Outlines the Company's commitment to act with due diligence to report resource reserves in strict compliance with regulations

ENTERPRISE RISK MANAGEMENT

Discovery has an Enterprise Risk Management (ERM) program to identify, assess, manage, monitor and review the risks facing the Company. ESG risks related to Political/Regulatory, Environment, Community Relations and Health and Safety are considered.

Our Senior Management Team regularly reviews our risk register and the Board is updated at each Board meeting.

For a detailed discussion of risks, refer to the Company's Management Discussion and Analysis.

Cybersecurity

We are aware of increasing cybersecurity threats companies face. To maintain and protect information and data, in 2021, Discovery updated and tested its information technology and security systems. In 2022, we will provide cybersecurity awareness training to our team.

STAKEHOLDER ENGAGEMENT

Building strong relationships and engaging and addressing the interests of our stakeholders are critical to delivering our mission of creating sustainable value and providing long-term socio-economic benefits to all our stakeholders. We integrate stakeholder engagement in our activities and consider stakeholder interests in the decisions that we make.

Over the past few years, transparency on ESG performance has grown in importance to our stakeholders. We provide information through direct engagements, our suite of annual publications (including our ESG Report) and on our website at discoverysilver.com. We also seek feedback through various methods such as through regular dialogue and engagement and our info@discoverysilver.com inbox.

Learning More About Our Stakeholders

As we advance our flagship Cordero project, we wanted to understand our stakeholders' interests and their vision for Discovery and so we conducted a Social Baseline Study in 2021. Through this study, we received feedback from over 1,800 individuals, and will be developing plans to address stakeholder interests. For further information on this study, please see the *Engaging Communities* section of this report.

The following outlines our key stakeholders, their priorities, how we engage with them and how we've responded in 2021.

Ejidos, land owners and community members

PRIORITY ISSUES

- + Employment and business opportunities
- + Health care
- + Quality of life
- + Water and environmental protection
- + Education
- + Infrastructure
- + Security

HOW WE ENGAGE

- + Regular and ongoing dialogue and engagement
- + Ejido committee meetings
- + Project updates
- + Community investment discussions

OUR RESPONSE

- + Local employment and procurement

- + Community investments
- + Environmental Management Plans (including on Water)
- + Social Baseline Study and Social Management Plan

Government and regulators

PRIORITY ISSUES

- + Compliance with laws and regulations
- + COVID-19 management
- + Communities
- + Economic development
- + Health and safety
- + Water and environmental protection

HOW WE ENGAGE

- + Regular and ongoing dialogue and engagement
- + Project updates
- + Regulatory reporting
- + Community investment partnership discussions

OUR RESPONSE

- + Sustainability Management System
- + Community investments
- + Local employment and procurement
- + Environmental Management Plans, monitoring and continuous improvement
- + Certifications in environment, safety, workforce management and social responsibility

Investors

PRIORITY ISSUES

- + Cash position
- + Resources and mine potential
- + ESG disclosure and performance

HOW WE ENGAGE

- + Investor meetings
- + Investor Days
- + Annual General Meeting
- + Suite of reports (ESG Report, Annual Report, Financial Statements, Management Discussion and Analysis, Annual Information Form)

OUR RESPONSE

- + Improved ESG strategies and enhanced disclosures

Suppliers

PRIORITY ISSUES

- + Local procurement
- + Business development
- + Health and safety
- + Capacity development

HOW WE ENGAGE

- + Regular and ongoing dialogue and engagement
- + Business development events
- + Contracts and due diligence process

OUR RESPONSE

- + Sustainability Management System

Employees and contractors

PRIORITY ISSUES

- + Growth and professional development
- + Support during COVID-19
- + Health and safety
- + Compensation and benefits

HOW WE ENGAGE

- + Regular and ongoing dialogue and engagement
- + Internal communications
- + Meetings with Managers
- + Daily safety meetings
- + Training

OUR RESPONSE

- + Sustainability Management System
- + Competitive salaries and enhanced health and dental insurance
- + Talent and performance management process
- + COVID-19 protocols
- + Diversity and inclusion initiatives

In 2022 and beyond, we will continue to build on the relationships we have developed with all our stakeholders to create shared value.

MATERIAL ISSUES

To identify our material issues, through the help of an ESG consultancy, we gathered input from a variety of sources to first identify the scope of ESG issues impacting the mining industry and related trends. Following this initial identification of ESG issues, the Senior Management Team discussed and validated the list of ESG issues that are material to our business. Through this process, we have identified seven material issues that form the basis of this report.

Analysis Inputs

Enterprise Risk Register

- + Review of Discovery's top risks and opportunities identified through our ERM process

Peers

- + Review of what peers identify as material and the issues they report

Investors

- + Review of feedback from investors and shareholders

Sustainability frameworks and standards

- + United Nations Global Compact (UNGC) Ten Principles
- + United Nations Sustainable Development Goals (UN SDGs)
- + Sustainability Accounting Standards Board (SASB)
- + Task Force on Climate-related Financial Disclosures (TCFD)

ESG megatrends and risks

- + World Economic Forum
- + ESG reporting studies



In 2022, we will build in the findings of our Social Baseline study into the assessment of our material issues.

01 Corporate Governance

04 Community Relations

02 Workforce

05 Water Use

03 Health and Safety

06 Energy Use and Greenhouse Gases

HEALTH AND SAFETY

Providing a safe, healthy and respectful workplace and environment is paramount. Our goal is to have zero-work related physical and mental incidents and illnesses. Creating a safe working environment greatly impacts our employees and contractors, their families and local communities.

Our Occupational Health and Safety Policy and suite of Health and Safety Standards codify our expectations to identify and mitigate health and safety risks and conduct work safely so that everyone who works for our company or enters our site returns home safely.

The COVID-19 pandemic has underscored the importance of physical and mental wellness. When reimagining what we wanted to achieve, we updated our health and safety goal to go beyond physical health and encompass mental wellness as well.

Roles and Responsibilities

Everyone at our company has an important role to play to keep themselves and each other safe. Our Sustainability Manager is responsible for our health and safety performance and developing and implementing health and safety standards and procedures. In 2021, we welcomed three Health and Safety Coordinators to our team based in Mexico who will be providing further focus and support on our health and safety initiatives.

Updates on our health and safety performance and initiatives are regularly provided to Senior Management and the Sustainability Committee of the Board. We empower our team to take ownership of their safety, intervening when they see unsafe acts and encouraging all incidents to be reported, no matter how minor they may seem.

Advancing our Safety Culture

We strive to promote visible and individual leadership in health and safety to strengthen our safety culture. Building a shared safety culture where our employees and contractors have input and are supportive is essential to achieving our health and safety goals. In 2021, we focused on a variety of initiatives.

- + **Health and Safety week:** We held our inaugural event involving employees and contractors to increase awareness and buy in of our safety culture, policies, and management system.

Our Health and Safety Standards

In 2021, we developed six Health and Safety Standards:

- + Preventative Industrial Safety Standard
- + Industrial Hygiene Standard
- + The Golden Safety Rules Standard
- + Best Practices and Continuous Improvement Standard
- + Field Supervision and Monitoring Standard
- + Emergency and Crisis Preparedness and Response Standard (part of our business standards)



- + **Training:** We provided training on key health and safety topics such as identifying hazards and risks during routine and non-routine work, driving training, emergency preparedness and response, incident investigation, and working at heights. In 2021, employees and contractors participated in 955 hours of health, safety and emergency response training.
- + **Contractor safety:** We increased our engagements with contractors to build awareness and understanding and buy-in on our safety culture. We also developed a Contractor and Supplier Management Standard to ensure we effectively manage our risks and opportunities related to goods and services.
- + **Tracking of health and safety metrics:** We expanded our tracking of health and safety metrics in English and Spanish and introduced the tracking of near misses. We also encouraged employees and contractors to continue reporting incidents to ensure that we accurately capture our performance and are holding ourselves accountable to achieving our health and safety goals.
- + **Safety orientation:** We held mandatory safety orientations for our drilling contractors and site visitors.

	2021	2020
Orientation sessions for site workers and visitors (#)	54	51



“We want to build a strong safety culture together with our employees and contractors. Our safety goals must be a shared pursuit and something that people truly believe in and not because they are told to act safely.”

- Roman Solis, Country Manager

Golden Safety Rules

In 2021, we developed our 10 Golden Safety Rules designed to keep our workforce safe.

1. **Fit for work.** Before starting your work, you must be in an appropriate physical, mental and emotional state that does not imply limitations or concentration for your work.
2. **Personal protective equipment.** Each person must use the specific and authorized personal protective equipment for their work. No one should work without PPE.
3. **Work permit.** Never work if you do not have an authorized work permit for non-routine activities or if you do not have approved training for routine activities.
4. **Protective devices.** All devices such as guards, parking brakes, and emergency stops must be functional. Devices must never be modified or removed.
5. **Driving vehicles.** The driver will always be in charge. The driver must verify that the vehicle is in an approved mechanical condition to operate, that all occupants are wearing seat belts, and that all vehicle safety devices are working. While driving, phones or devices that distract from driving should not be used, all traffic rules should be obeyed, and driving in accordance with road conditions.
6. **Work at heights.** When working at a height greater than 1.8 metres, you must wear fall protection equipment.
7. **Energy isolation.** Physical energy blocking systems such as padlocks or insulating barriers should be used. All forms of energy with the potential to cause harm must be identified.
8. **Ground stability.** When working, you must make sure that the ground is stable below, on the sides and above where you are. If it is not safe to stop, evacuate the place.
9. **Lifting, Rigging and Hoisting.** All places where hoists are made must be restricted. Persons or equipment must never stand under suspended loads. Access barriers must be placed considering the damage in case of failure.
10. **Hazardous substances.** Identify hazardous substances with the potential to cause harm in each workplace and apply measures to reduce the risk.

Procedures, Processes and Drills

Building upon our SMS, we developed and implemented Incident Investigation and Hazard and Risk Identification Procedures. We also developed Emergency and Crisis Preparedness and Response and Incident Management Standards, conducted fire and evacuation drills, and acquired and equipped a vehicle for industrial firefighting.

In addition, we reviewed our company's security risks and mitigations and improved the security of our facilities by implementing an identification system using ID cards for facility access.

As we developed our suite of standards and procedures, we provided training on these materials as well as other health and safety topics pertinent to employee and contractor roles. In 2021, our employees and contractors participated in 955 hours of health, safety and emergency response training.

	2021	2020
Emergency drills completed (#)	6	0
Total hours of health, safety, and emergency response training (#)	955	Not tracked

Our 2021 Health and Safety Performance

We have not recorded any fatalities since the Company's inception. In 2021, our Total Recordable Incident Frequency (TRIF) decreased to 1.18. Our Days Away, Restricted or Transferred (DART) rate increased to 24.84, driven by two unfortunate and unrelated incidents where two employees experienced cutting wounds. These incidents led to days away for recovery and the employees have since returned to work. Our Motor Vehicle Incident Rate was 3.77, a decrease from the year prior as we increased mileage driven and improved our incident notification system to investigate and communicate incidents.

We recognize that exploration activities have hazards and risks such as through the use of heavy duty equipment and handling of materials. To support employees, we conducted medical exams to identify personal health risks related to

working on-site and developed a health program tailored to individuals.

As the COVID-19 pandemic continues, we monitored government directives and adapted our protocols accordingly, introduced a mandatory vaccination requirement, and provided a bonus for workers returning to site COVID-19 free.

	2021	2020
Fatalities (#)	0	0
Recordable incidents (#)	2	2
Total recordable incident frequency (TRIF) ⁷ (rate)	1.18	2.59
First aid incidents (#)	5	5
Days away (#)	42	2
Days away, restricted or transferred (DART) ⁸ rate	24.84	2.59
Motor vehicle incident (#)	7	3
Motor vehicle incident rate ⁹	3.77	5.85

Looking Forward

We will continue to create safe working conditions at Discovery. Looking forward, in 2022, we are planning to:

- + Develop a 5-point safety system to identify risks that includes observation from the start of the shift, during work and until the closing of the shift. This system considers stopping if it is not safe to do the work.
- + Enhance our approach to individual safety by providing further training to individuals to promote key health and safety behaviours and actions.
- + Hold leadership meetings each month to discuss progress and areas of opportunity with Senior Management.
- + Adopt the Self-Management Program, a requirement of the Ministry of Labor of the Government of Mexico that demonstrates legal compliance on health and safety performance.

⁷ The Total Recordable Incident Frequency (TRIF) rate is the rate of occurrence of recordable injuries based on a worksite of 100 employees over a one-year period. TRIF = Number of recordable injuries x 200,000 ÷ number of hours worked.

⁸ Days Away, Restricted or Transfers (DART) rate is the total average of cases where employees have been unable to perform their job as a result of a workplace incident or injury. DART = Number of work-loss cases x 200,000 ÷ number of hours worked.

⁹ Motor Vehicle Incident rate is the rate of occurrence of motor vehicle incidents based on the number of kilometres driven over a reporting period. Motor vehicle incident rate = number of incidents x 1,000,000 ÷ kilometres driven in a period of 100 employees over a one-year period.

WORKFORCE

Our people are one of our greatest assets. We are committed to creating an inclusive, diverse, and supportive work environment.

Our commitment to our workforce means respecting and valuing differences, creating a psychologically safe environment, and empowering our people. We genuinely believe that this is the foundation of trust, belonging, and shared motivation. An engaged and talented team strengthens the value we bring to the communities where we live, work, and operate. Our approach to our workforce is guided by our People Policy, Human Rights and Diversity and Inclusion Policy, Code of Business Conduct and Ethics, and the Anti-Bribery and Anti-Corruption Policy. Human resources management is a responsibility of the Senior Management Team and in Mexico is the responsibility of the Country Manager and the Sustainability Manager. In 2021, we hired a Human Resources Coordinator in Mexico to better support our growing workforce and the implementation of human resources plans, processes and initiatives.

Our Human Resources Standards

In 2021, we developed eight Human Resources Standards:

- + Diversity and Inclusion Standard
- + Talent and Performance Management Standard
- + Professional Behaviour and Non-Discrimination in Employment Standard
- + Employment Standard
- + Freedom of Association Standard
- + Compensation and Benefits Standard
- + Records Control for Employment Termination Standard
- + Third-Party Workers Standard

Talent and Performance Management

At Discovery, we aim to create opportunities where our team can grow and develop. We support our team in developing their career paths with us and offer training to individuals to help them fulfill their roles as well as their interests. In 2021, we identified 13 future leaders that would undergo leadership and management training, as well as participate in an internal mentoring program to develop their capacity to advance and positively impact the Company's objectives.

To support performance management, in 2021, we implemented an employee performance evaluation process to assess each individual's performance linked to business goals and key performance indicators (including ESG).

Looking forward, we will be adopting workplace best practices and engagement initiatives to meet the Great Place to Work certification provided by Great Place to Work. It is an internationally recognized certification program that helps organizations improve their workplace and earn positive recognition in their communities.



Compensation and Benefits

In 2021, we updated our approach to salaries for our Mexico operations, to align with best practices and promote fair and competitive salaries, which will be effective starting January 2022. We also provided enhanced health and dental benefits for employees to ensure they have greater access to medical supports.

	2021	2020
Salaries and benefits (\$)	4,927,600	3,108,029

Workforce Profile

To support Cordero's drilling programs, in 2021 our workforce grew to 154. Many of the new hires were drilling contractors.

	2021	2020
Total Workforce (#)	154	124
Employees (#)	67	58
Contractors (#)	87	66

	2021	2020
Workforce by Country (#)		
Canada (#)	10	7
Employees (#)	9	6
Contractors (#)	1	1
Mexico (#)	144	117
Employees (#)	58	52
Contractors (#)	86	65

Employee Turnover

Although our employee turnover rate decreased to 27.4% as compared to the past year, COVID-19 and a competitive labour market influenced our turnover rate. COVID-19 continued to play an impact on turnover as communities' entry and exit restrictions would limit an individual's ability to be with family and friends. We are hopeful that our focus on enhancing our employee value proposition through creating a safe and inclusive place to work, prioritizing ESG and updating our salary strategy will help reduce employee turnover.

	2021	2020
Employee turnover (%)	27.4	31.7

Local Employees

We aim to hire local employees and contractors that understand the context that we are working in. In 2021, we registered with the Servicio Nacional del Empleo, the federal government employment office, which allows us to use its portal to communicate directly with local applicants regarding available employment opportunities. In 2021, in Canada we maintained 100% of local employees and in Mexico, there was a modest decrease to 94.8% as we were unable to find the needed skills and experiences within the local area.

LOCAL EMPLOYEES	2021	2020
Canada (%)	100.0	100.0
Mexico (%)	94.8	100.0

Employee Diversity

Diversity and inclusion is one of our core values and a strategic priority for Discovery to ensure greater employee engagement, increased productivity and access to a broader pool of talent. We have set an objective of having at least 30% women in the workforce by the end of 2024.

This year, we prioritized the recruitment of women, and in 2021, women represented 28.4% of our employees. Women hold key positions within our company and we are committed to supporting their growth and development. In 2021, we joined the International Women in Mining Network to pursue gender equality and promote women's voices, access to opportunities, and leadership in mining.

Looking to the future, we plan to set up a mentorship program to support women further in their networking and development.

EMPLOYEE DIVERSITY	2021	2020
Women	28.4	15.5
Men	71.6	84.5



PROVIDING LONG-TERM SOCIO-ECONOMIC BENEFITS TO THE COMMUNITIES IN WHICH WE OPERATE

Building and maintaining strong, positive relationships with the communities in which we operate is essential to the success of our projects. We strive to communicate openly and transparently, listen and be responsive to interests and concerns.

We regularly seek input from communities to build trust and understanding of the issues they care about. We want to ensure that local communities and economies benefit from our operations, through job creation, support to local businesses, and community investments. We recognize the unique values and interests of different stakeholders, identify ways in which they might be impacted, and consider the diverse nature, scale and context of our operations before engaging with our communities. We are guided by our Sustainability and Social Agreement Policy, which outlines our commitments to creating benefits and managing our impacts on communities.

The Country Manager of Mexico is responsible for developing strong relationships with local stakeholders and managing community impacts and is supported by the Sustainability Manager and Social Management Superintendents.

Our Social Standards

In 2021, we developed 10 Social Standards:

- + Social Baseline Studies Standard
- + Stakeholder Management Standard
- + Stakeholder Care and Response System Standard
- + Fair Agreements with the Community Standard
- + Human Rights Standard
- + Indigenous Peoples Standard
- + Land Acquisition and Compensation Standard
- + Local Employment and Procurement Standard
- + Community Investments Standard
- + Restoration and Social Closure Planning Standard

In 2021, we engaged a consultancy within Mexico to help us conduct a Social Baseline Study for our Cordero project. This study aimed to understand the social baseline conditions of the project's area of influence. In this study, we examined the socio-economic and cultural features of the following municipalities: Hidalgo del Parral, Santa Bárbara, Valle de Zaragoza and San Francisco del Oro. We conducted a mix of surveys, interviews and focus groups and received over 1,800 responses. For example, the Social Baseline Study helps us better understand educational levels, economic activity, income, access to social security, health services, perspectives on the environment, and more. The study also identified the potential social impacts that Cordero could have on communities. Following the Social Baseline Study, we developed a Social Management Plan to identify ways in which we can create shared value, address interests and concerns of each stakeholder group and guide our community investment initiatives. We will continue to keep the plan updated as we advance Cordero.

In 2021, we also had ongoing dialogue with the municipal governments, including the Municipality of Parral and Municipality of Ocampo in Coahuila to provide information on the Cordero project, discuss interests and concerns, and discuss community investment opportunities. In addition, we engaged with ranch owners, ejidos and local suppliers on contracting and procurement opportunities. We secured an exploration agreement with the Cordero Ejido in Chihuahua State, the community closest to our flagship project.¹⁰

Responding to questions and complaints raised by local stakeholders in an appropriate and timely manner is important for building trust and our social license to operate. In 2021, we developed a Community Response System, a formal mechanism for accepting, evaluating, and resolving community complaints and addressing inquiries. In 2021, we have not recorded any complaints from the community. We look forward to maintaining our relationships with

¹⁰ 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.

our stakeholders based on communication and trust and continuing to build new relationships.

	2021	2020
Number of project agreements (#)	12	11
Community complaints (#)	0	Not tracked

Community Investment

Our community investment approach is guided by Discovery's Community Investment Standard, findings from the Social Baseline Study and dialogue with community members. We partner with local communities, governments and development organizations with shared interests to leverage resources and enhance the potential impact of our community investments.

In 2021, our community investments increased to \$41,393. We supported organizations such as the Mexican Red Cross and Ejido Association as well as community investment initiatives led by the Municipality of Parral and Municipality of Ocampo.

In 2022, we will expand our community investments to support disadvantaged groups (including children, women, and seniors) across education and training, health, and infrastructure as identified in our Social Management Plan. For example, we will be supporting training workshops, providing scholarships, increasing access to health care services for disadvantaged groups, constructing a creek crossing, and more.

	2021	2020
Total community investment	41,393	24,521

Supporting Local Businesses

We seek to purchase goods and services locally wherever possible. Our local procurement approach is informed by our Local Jobs and Procurement Standard and supplemented by Procurement or Supply Chain Procedures. In 2021, we significantly increased our local spend on goods and services, providing over \$10 million dollars to businesses. There was a significant increase to support our drilling programs with our spend going towards drilling, core logging, food services at our camps and other related activities.

	2021	2020
Local spend on goods and services (\$)	10,301,261	1,717,158

Over the last two years, we have been pursuing a certification that demonstrates the Company's commitment and performance on environmental and social performance offered by Cemefi, the Mexican Center for Philanthropy. To be granted the ESR certification, companies must demonstrate performance on business conduct and ethics, environmental management, community relations, impact on the quality of life, and more. In 2022, we will be in the final stages of this application process and excited to join the roster of other socially responsible companies within Mexico. For additional information on the ESR distinction visit: <https://www.cemefi.org/esr/>

Supporting communities and families during Christmas

In December 2021, in collaboration with the Municipality of Parral, we contributed to the Magical Christmas Program to support communities. The contributions included food, blankets and bicycles and were distributed to vulnerable families in Parral. Many of the bicycles we donated were given to children from the San Andrés shelter who study at the local primary school.



PROTECTING THE ENVIRONMENT

We are committed to acting as environmental stewards to protect air, land, and water today and into the future. Responsible environmental management contributes to the support of our exploration activities and helps us provide value to communities, investors and other key stakeholders.

Guided by our Sustainability and Social Agreement Policy, we strive to operate safely and responsibly, minimizing our impact to the environment. We consider the potential environmental impacts at each phase of our project.

Our Sustainability Manager is responsible for implementing environmental plans, processes and initiatives. In 2021, we hired four Environmental Coordinators to help ensure we maintain compliance with our internal policies and standards and environmental permits. Growing our team will also allow us to increase the tracking and monitoring of environmental metrics. Our environmental management activities and performance are regularly reported to the Senior Management Team and to the Sustainability Committee of the Board.



“We are committed to avoiding, minimizing and managing our impact to the natural environment. We have set high standards, not only because it is expected of us, but it is the right thing to do to ensure we protect ecosystems and our host communities.”

- VP of Exploration, Gernot Wober

In 2021, to help drive the highest standards of environmental management, we developed environmental standards that provide a consistent approach to managing environmental risks and provide greater detail of the expectations we have of our employees and contractors. We also provided training to employees and contractors specific to their roles on the environmental standards to build awareness, understanding and support compliance.

In 2021, we conducted an environmental baseline study for Cordero to understand the environmental conditions at and surrounding our site before development occurs. The study measured and monitored metrics related to water, soil, air, flora and fauna. Following this baseline study, we will be conducting environmental monitoring studies annually to identify and track any changes to the environment.

Our Environmental Standards

In 2021, we developed 12 Environmental Standards:

- + Environmental Permits and Licences Standard
- + Chemicals and Hydrocarbon Management Standard
- + Mercury Management Standard
- + Solid and Hazardous Waste Management Standard
- + Tailings and Waste Rock Standard
- + Water Management Standard
- + Climate Change Standard
- + Energy Use Standard
- + Air Emissions Standard
- + Land Use and Biodiversity Standard
- + Environmental Monitoring Standard
- + Reclamation and Closure Standard

Environmental Audits and Certifications

As part of continuous improvement, we conduct audits of our Sustainability Management System, including its environmental components, to review the adequacy and compliance with laws, regulatory requirements and internal policies and standards.

In addition to internal reviews, our operations are audited by local regulatory bodies. In 2022, we will be pursuing the Clean Industry Certification granted by the Procuraduria Federal de Proteccion al Ambiente, Mexico's federal environmental protection agency. The agency will be conducting two audits next year of Cordero.

Zero Environmental Incidents

This year, we completed Phase 1 of our drill program and commenced Phase 2. Through this busy period, we maintained zero reportable environmental incidents, consistent with the previous year.

	2021	2020
Reportable environmental incidents (#)	0	0

Energy Use and Greenhouse Gases

We recognize the global challenge in fighting climate change and want to be part of the solution. We aim to continually evaluate opportunities to reduce our energy use and greenhouse gas (GHG) emissions.

We recognize that climate change through changes in temperature, precipitation and severe weather events can impact our project and the communities in which we operate. Our Energy Use, Air Emissions and Climate Change Standards help us minimize and manage the potential impacts our activities may have.

Our 2021 Performance

As part of continuous improvement, we expanded upon our annual tracking of energy use and GHGs. This year we have included the performance of our contractors as they play a significant role in our drilling activities (influencing Scope 3 GHG emissions) and the electricity consumption of an additional facility (influencing Scope 2 GHG emissions), so performance trends are not directly comparable with last year's data.

We operate in remote locations and in this stage of development, we are still evaluating Cordero's full potential by drilling. This means that gasoline, diesel and liquid petroleum gas (LPG) remain the primary fuels to power equipment in camps and vehicles. In 2021, our energy use was over 22,000 gigajoules (GJ). As Discovery and our contractors' energy use increased, this impacted our GHG

emissions, where we saw our total GHG emissions increase to 1,733.38 tonnes of carbon dioxide equivalent (tCO₂e).

	2021	2020
Total energy use¹¹ (GJ)	22,339.45	1,536.42
Diesel	20,978.90	1,129.98
Gasoline	1,116.75	384.24
Liquefied petroleum gas	209.75	17.94
Electricity	34.03	4.26

	2021	2020
Total GHG emissions¹² (tCO₂e)	1,733.37	167.16
Scope 1	309.60	158.65
Scope 2	3.99	0.58
Scope 3	1,419.78	7.93

For our future activities, in the short term, we will look at ways to decrease our fleet emissions by increasing the level of occupancy per trip and will monitor the availability of hybrid heavy-duty vehicles as they come to market. We will also evaluate opportunities to improve the operational efficiency of our drill rigs.

We will also continue to consider energy use and GHGs in the design of our projects and consider where changes can be made to decrease our impact. Additionally, we will evaluate the feasibility of generating energy on-site for our future operations through a mix of solar and combined cycle energy options.

Preparing for Climate-related Risks

Cordero is located in an arid region of Mexico where rising temperatures and fluctuating rainfall will pose a high risk to future operations. From changes in water availability to increased energy use to power our operations, climate-related risks can impact our permits and licences, impact project sentiment, and increase business costs. In 2022, as part of our Strategic Business Plan, we will conduct a scenario analysis to better understand the potential impact that climate change can have on our business and analyze how to align with the recommendations of the Task Force on Climate-related Financial Disclosures.

¹¹ Local energy conversion factors are sourced from the Mexican Federal Government, Secretaria de Energia.

¹² Emission factors are sourced from the Mexican Federal Government, Secretaria de Medio Ambiente y Recursos (SEMARNAT).

Water Use

Water is a vital resource for people, communities, the environment and our operations. Minimizing our use of and responsibly managing this shared resource is essential to maintaining trust, protecting the planet and ensuring water availability for generations to come.

Water is used in the exploration industry for several activities, including drilling and employee use. We purchase non-potable and potable water for our exploration drilling and camp facilities for personal consumption and hygiene. Guided by our Water Stewardship Standard, we set strict requirements to minimize our exploration activities' impact on the availability and quality of water. We work to improve our water use efficiency, protect water quality and track water-related metrics.

Discovery operates in arid regions of Mexico. We recognize that water is a key concern to the Mexican Federal Government and the local communities of Parral and Valle Zaragoza in the watershed where we operate. It is expected that we responsibly manage this resource and that we work collaboratively with key stakeholders to help guide our approach.

Initiative to Reduce Water Use and Maintain Water Quality

We continually evaluate ways to reduce our water use and maintain or improve water quality. For example, in 2021, we installed flow meters at each drill to track usage. To maintain water quality, we use a centrifuge system that separates particulates from the produced water that goes up the drill hole and enables us to recycle water used in our drilling operations. In 2022, we plan on installing a wastewater treatment system for Cordero to minimize our groundwater consumption and impact on the Municipality of Parral. Wastewater from our camp and offices will be treated so this water can be reused for drilling activities.

As part of our commitment to ensuring our activities do not impact groundwater, in 2021, we contracted an external accredited laboratory regularly to test our water quality.



Understanding Water Availability

Community members, including ejidos and ranchers, have been granted water concessions; however, the availability to grant new water concessions is low as the government has not carried out hydrological studies to quantify the water available for concessions. Access to water is integrated into Discovery's risk management process and decision-making. To better understand the water availability to assess medium- and long-term risks, in 2021, we commenced a water table study specifically on Cordero. This study will be completed next year.

2021 Water Use

Ground Water (Industrial Use)

In 2021, we withdrew 69,353 cubic metres (m³) of water, 93% higher than last year. During our exploration activities, much of the water escapes through geological fractures and could not be reused for further drilling. As a result, 69,145 m³ of this escaped water returned to groundwater, contributing to our low consumption levels. However, a portion of that water, 203 m³, was recovered, filtered and recycled to be used for further drilling.

Third-Party Water (Potable and Non-Potable)

Drinking water is purchased from a local supply company as bottled water or water in large reusable containers. We also purchase water for our camp facilities to support personal hygiene. Wastewater is captured inside a biodigester and treated onsite before it is transported to a municipal drainage system. In 2021, we purchased 7,454 m³ of third-party water, of which 4,930 m³ was treated and discharged, leading to a consumption of 2,525 m³ of water.

Building upon the measuring and monitoring of our water use, our future initiative includes developing a Water Stewardship and Protection Strategy.

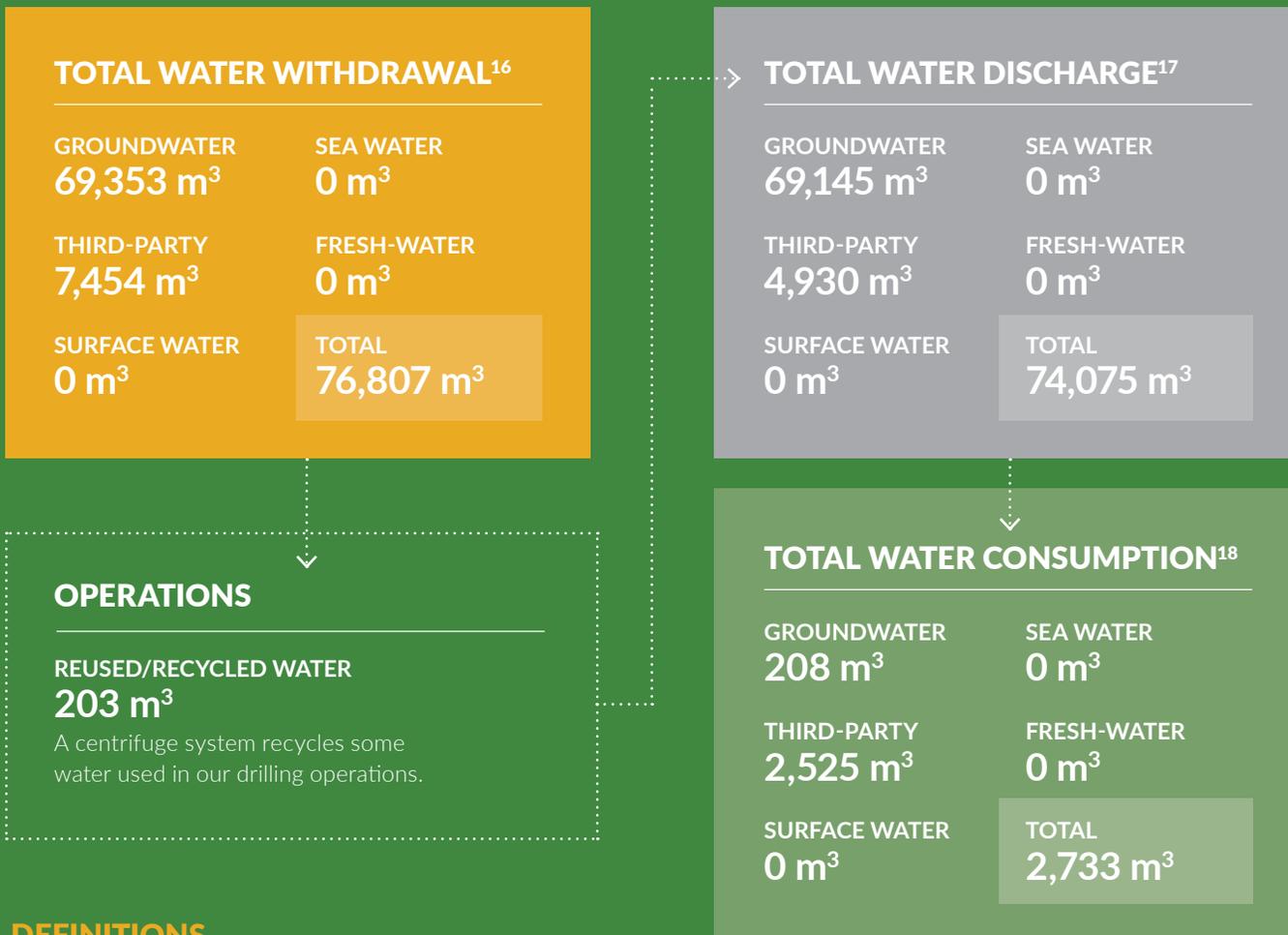
	2021	2020
Total water withdrawal (m³)	76,807¹³	36,017
Groundwater	69,353	35,895
Third-party	7,454	122
Total water discharge (m³)	74,075¹⁴	36,007
Groundwater	69,145	35,895
Third-party	4,930	112
Total water consumption (m³)	2,733¹⁵	10
Groundwater	208	0
Third-party	2,525	10

13 Water withdrawal data is measured. Groundwater data is measured through flow meters and third-party water measured through volumes purchased.

14 Water discharge data is estimated.

15 Water consumption data is calculated. Water consumption = water withdrawal - water discharge.

Operational Water Balance (in m³ (cubic metres))



DEFINITIONS

STAGES

- + **Water withdrawal:** sum of all water drawn from surface water, groundwater, seawater, or a third party for any use over the course of the reporting period.
- + **Water discharge:** sum of effluents, used water, and unused water released to surface water, groundwater, seawater, or a third party, for which the organization has no further use, over the course of the reporting period.
- + **Water consumption:** sum of all water that has been withdrawn and incorporated into products, used in the production of crops or generated as waste, has evaporated, transpired, or been consumed by humans or livestock, or is polluted to the point of being unusable by other users, and is therefore not released back to surface water, groundwater, seawater, or a third party over the course of the reporting period.

TYPES OF WATER

- + **Ground water:** water that is being held in, and that can be recovered from, an underground formation.
- + **Third-party water:** water supplied by an entity external to the operation such as a municipality or other organizations involved in the provision, transport, treatment, disposal, or use of water and effluent.
- + **Surface water:** water that occurs naturally on the Earth's surface in ice sheets, ice caps, glaciers, icebergs, bogs, ponds, lakes, rivers, and streams.
- + **Sea water:** water obtained from a sea or ocean.
- + **Freshwater:** water with concentration of total dissolved solids equal to or below 1,000 mg/L.
- + **Recycled/reused water:** water used in an operational task and recovered and used again, either without treatment (reuse) or with treatment (recycle).

¹⁶ Water withdrawal data is measured. Groundwater data is measured through flow meters and third-party water measured through volumes purchased.

¹⁷ Water discharge data is estimated.

¹⁸ Water consumption data is calculated. Water consumption = water withdrawal - water discharge.

Land and Biodiversity

We strive to protect flora and fauna and the habitats that support them by avoiding or minimizing our land use disturbance and monitoring the biodiversity where we operate.

Guided by our Land Use and Biodiversity Standard, we assess potential risks before we begin our drilling activities, develop management plans to minimize and manage impacts, and monitor our sites for changes to biodiversity. We also have a Reclamation and Closure Planning Standard that helps us meet our legal responsibilities and maintain trust with communities, governments and other stakeholders. The standard outlines our closure planning, cost estimation, and financial assurance requirements.

Biodiversity Monitoring

In 2021, we increased the scope of our environmental review and monitoring and identified 12 additional species that are under protection, threatened or endemic that appear under Mexico’s Ministry of Environment and Natural Resources (“SEMARNAT”) NOM-059-SEMARNAT-2010 regulation and the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) watchlist. This year we identified an additional nine plants and three animals:

- + *Crotalus atrox* (Western diamondback rattlesnake)
- + *Crotalus molossus* (Black-tailed rattlesnake)
- + *Taxidea taxus* (American badger)
- + *Coryphantha cornifera* (Rhinoceros cactus)
- + *Coryphantha poselgeriana* (Needle mulee)
- + *Echinocereus dasyacanthus* (Texas rainbow cactus)
- + *Echinocereus pectinatus* (Hedgehog cactus)
- + *Cylindropuntia imbricata* (Candelabrum or cane cactus)
- + *Opuntia macrocentra* (Long-spine prickly-pear cactus)
- + *Opuntia phaeacantha* (Mojave prickly-pear cactus)
- + *Opuntia obusta* (Wheel cactus)
- + *Opuntia engelmannii* (Prickly pear)

Following the identification of the species, we carefully transplanted endangered and at-risk species. In 2021, we

Discovery actively works to minimize our land use footprint during exploration. We do this in a number of ways:

- + Analyze and optimize the sizing of drill pads
- + Plan access trails
- + Select drill contractors that uphold similar environmental values
- + Review drilling equipment to assess its size and potential impact
- + Mark paths and set boundaries so drillers are limited to a defined area

also developed a flora and fauna relocation program. We will continue to monitor the biodiversity at our sites and hired an external consultant to support us with this.

2021 Land and Biodiversity Performance

In 2021, as we progressed the Phase 1 and 2 drilling programs, the surface area disturbed increased to 59,677 metres squared (m²). As required by government laws and regulations, we must restore the land to its former state at the end of our operations. To minimize our land-use impacts, in the short-term we will be developing a Restoration Plan, to help restore the land where Discovery is reasonably certain it will no longer be used for drilling. We are also planning to build a forest nursery to support our restoration efforts by growing native plants as well as creating a reforestation program in urban areas. Over the medium- to long-term, we will establish a Wildlife Management Unit (UMA) to support the protection of local biodiversity of plants and animals.

	2021	2020
Surface area disturbed (m ²)	59,677	3,975
Surface area remediated (m ²)	1,000	600
Threatened and endangered species ¹⁹ (#)	12	6
Flora	9	5
Fauna	3	1

¹⁹ Species identified under the NOM-059-SEMARNAT-2010 and Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) watch list.

APPENDICES

PERFORMANCE TABLE

ISSUE	INDICATOR	UNIT	2021	2020	
Economic Contributions	Mining duties paid to government of Mexico	\$	660,276	659,125	
Board and Management Diversity	Independent directors that are women	%	33.3	14.3	
	Senior Management that identifies as ethnically diverse	%	40.0	40.0	
Health and Safety	Fatalities (#)	#	0	0	
	First aid incidents (#)	#	5	5	
	Days away, restricted or transferred (DART) rate	# of work-loss cases x 200,000 ÷ # of hours worked		24.84	2.59
	Total recordable incident frequency (TRIF)	# of recordable injuries ÷ of hours worked x 200,000		1.18	2.59
	Motor vehicle incident rate	# of motor vehicle incidents ÷ kilometres driven x 200,000		3.77	5.85
	Orientation sessions for site workers and visitors	#	54	51	
	Emergency drills completed	#	6	0	
Workforce	Employee salaries and benefits	\$	4,927,600	3,108,029	
	Total workforce	#	154	124	
	Employees	#	67	58	
	Contractors	#	87	66	
	Employee turnover rate	%	31.7	50.0	
	Local employees				
	Canada	% of employees	100.0	100.0	
	Mexico	% of employees	94.8	100.0	
	Employee diversity				
	Women	%	28.4	15.5	
Men	%	71.6	84.5		
Community Relations	Total community investment	\$	41,393	24,521	
	Local spend on goods and services	\$	10,301,261	1,717,158	
	Number of project agreements	#	12	11	
	Community complaints	#	0	Not tracked	

ISSUE	INDICATOR	UNIT	2021	2020
Environment	Environmental incidents	#	0	0
	Total Energy Use ²⁰	GJ	22,339.45	1,536.42
	Diesel	GJ	20,978.90	1,129.98
	Gasoline	GJ	1,116.75	384.24
	LPG	GJ	209.75	17.94
	Electricity	GJ	34.03	4.26
	Total GHG emissions ²¹	tCO ₂ e	1,733.37	167.16
	Scope 1	tCO ₂ e	309.60	158.65
	Scope 2	tCO ₂ e	3.99	0.58
	Scope 3	tCO ₂ e	1,419.78	7.93
	Total water withdrawal	m ³	76,807 ²²	36,017
	Total water discharge	m ³	74,075 ²³	36,007
	Total water consumption	m ³	2,733 ²⁴	10
	Surface area disturbed	m ²	59,677	3,975
	Surface area remediated	m ²	1,000	600
Biodiversity	Threatened and endangered species identified ²⁵	#	12	6

20 Local energy conversion factors are sourced from the Mexican Federal government, Secretaría de Energía. Emission factors are sourced from the Mexican Federal Government, Secretaría de Medio Ambiente y Recursos (SEMARNAT).

21 Local energy conversion factors are sourced from the Mexican Federal government, Secretaría de Energía. Emission factors are sourced from the Mexican Federal Government, Secretaría de Medio Ambiente y Recursos (SEMARNAT).

22 Water withdrawal data is measured. Groundwater data is measured through flow meters and third-party water measured through volumes purchased.

23 Water discharge data is estimated.

24 Water consumption data is calculated. Water consumption = water withdrawal - water discharge.

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

SASB INDEX

Discovery is reporting against the metrics listed within the Sustainability Accounting Standards Board (SASB) for Metals & Mining (December 2021).

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	309.60 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. Next year we will be conducting a scenario analysis which will better inform our GHG strategy. Refer to the Energy Use and Greenhouse Gases section for further information.
Air Quality	EM-MM-120a.1	Air emissions of the following pollutants: (1) CO (2) NO _x (excluding N ₂ O) (3) Sox (4) Particulate matter (PM ₁₀) (5) Mercury (Hg) (6) Lead (Pb) (7) Volatile organic compounds (VOCs)	(1) Information is not tracked (2) Information is not tracked (3) We do not conduct metallurgical operations (4) 22.9 µg/m ³ (Total suspended particles) (5) We do not conduct metallurgical operations nor burn coal or wood or other sources that would produce mercury (6) We do not conduct metallurgical operations (7) Not currently tracked. In 2022, we will be measuring VOCs as part of our environmental monitoring
Energy Management	EM-MM-130a.1	(1) Total energy consumed (2) Percentage grid electricity (3) Percentage renewable	(1) 22,339.44 (2) 0.152% (3) Not tracked
Water Management	EM-MM-140a.1	(1) Total fresh water withdrawn (2) Total fresh water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	(1) 76,807 m ³ (2) 2,733 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	1,105 metric tons
	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	1,965.2 kg
	EM-MM-150a.8	Total weight of hazardous waste recycled	0
	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 a number of environmental standards to ensure the proper handling of hazardous materials. Refer to the Protecting the Environment section for further information.
Biodiversity Impacts	EM-MM-160a.1	Description of environmental management policies and practices for active sites	Discovery has a number of environmental standards to ensure the proper handling of hazardous materials. Refer to the Protecting the Environment section 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	(1) 33% (2) 0% (3) 0%
	EM-MM-160a.3	Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat	This information is not tracked.

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	This information is not tracked.
	EM-MM-210a.2	Percentage of (1) proved and (2) probable reserves in or near indigenous land	This information is not tracked.
	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 and supporting Social Standards including on stakeholder management, stakeholder care and response, human rights and Indigenous peoples which outlines our commitment to protecting and respecting human rights. For further information, refer to the section: Providing long-term socio-economic benefits to the communities in which we operate
Community Relations	EM-MM-210b.1	Discussion of process to manage risks and opportunities associated with community rights and interests	We conducted a Social Baseline Study and have developed 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 section: 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 (2) Fatality rate (3) Near-miss frequency rate (NMFR) ²⁶ (4) Average hours of health, safety, and emergency response training for workforce	(1) Our Total Recordable Incident Frequency (TRIF) is 1.18 (2) 0% (3) 5.91 (4) 955

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	Discovery is committed to conducting business with high ethical standards. Discovery's Code of Business Conduct and Ethics and Anti-Bribery and Anti-Corruption Policy articulates our expectations, and the Whistler Blower Policy sets out our requirements to ensure that a confidential and anonymous process exists for persons to report any issues. Refer to Operating with Excellence and Integrity, and Supporting the United Nations Global Compact and Sustainable Development
	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 in exploration and currently assessing the design of its Cordero mine.
	EM-MM-540a.3	Approach to development of Emergency Preparedness and Response Plans (EPRPs) for tailings storage facilities	Discovery is in exploration and currently assessing the design of its Cordero mine.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

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

Forward-looking information and forward-looking statements herein includes, but is not limited to: statements or information concerning the future financial or operating performance of Discovery and its business, operations, properties and condition, the timing of the environmental assessment process, and government input to the environmental assessment process, government regulations and permitting timelines, estimates of reclamation obligations, requirements for additional capital, environmental risks, general business and economic conditions. Such forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Discovery to be materially different from any future results, performance, or achievements expressed or implied. Such factors include, among others: the timing and possible outcome of regulatory and permitting matters; the ability to obtain, maintain or renew the underlying licenses and permits in Mexico in accordance with the requirements of applicable mining, environmental, and other laws in Mexico; satisfaction of requirements relating to the submissions and successful defence of Environmental Impact Assessment reports ("EIAs"); exploration, development, and operating risks, and risks associated with the early stage status of the Corporation's mineral properties and the nature of exploration; fluctuations in commodity prices and relative currency rates; volatility, changes, or disruptions in market conditions; government regulation of mining operations and changes in government legislation and regulation, including pursuant to the Canadian Extractive Sector Transparency Measures Act (Canada); foreign operations risks, political instability, hostilities, insurrection, or acts of war or terrorism (and the potential consequential capital and financial market reaction), pandemics including the novel coronavirus (COVID-19) (and the potential consequential governmental regulations and capital and financial market reaction); reputational risks; uncertainties associated with minority interests and joint venture operations; ability to satisfy contractual obligations and additional capital needs generally; contests over title to properties; costs and results derived from community relations activities; availability of adequate infrastructure; the cost, timing, and amount of estimated future capital, operating exploration, acquisition, development, and reclamation activities; limited operating history and no earnings; limits of insurance coverage and uninsurable risk; accidents, labour disputes, and other risks of the mining industry, including but not limited to environmental risks and hazards, pitwall failures, flooding, rock bursts, and other acts of God or natural disasters; unfavourable operating conditions; environmental risks and hazards; limitations on the use of community water sources; risks associated with the Corporation's indemnified liabilities; competitive conditions in the mineral exploration and mining businesses; the ability of the Corporation to retain its key management employees and the impact of shortages of skilled personnel and contractors; potential acquisitions and their integration with the Corporation's current business; successful defence against existing, pending, or threatened litigation or other proceedings; conflicts of interest; changes in labour costs or other costs of exploration and development; failure of equipment or processes to operate as anticipated; the impact of archaeological, cultural, or environmental studies within the property area; the designation of all or part of the property area of the Corporation's projects as a protected wildlife habitat under government legislation and regulation; those general business, economic, competitive, political, regulatory, and social uncertainties, disruptions or changes in the credit or securities markets and market fluctuations in prices for Discovery's securities that may occur outside of management's control; and the risks involved in the exploration, development, and mining business in general. Although the Corporation has attempted to identify important factors that could cause actual performance, achievements, actions, events, results, or conditions to differ materially from those described in forward-looking statements or forward-looking information herein, there may be other factors that cause performance, achievements, actions, events, results, or conditions to differ from those anticipated, estimated, or intended. Further details relating to many of these factors is discussed in the section entitled "Risk Factors" in the Corporation's 2021 Annual Information Form ("AIF"). In addition, a more comprehensive list of forward-looking statements as they relate to the Corporation's operations as a whole, are discussed in Discovery's AIF in the section entitled "Cautionary Statement Regarding Forward-Looking Statements". Forward-looking statements and forward-looking information contained herein are made as of the date of this 2021 ESG Report and the Corporation disclaims any obligation to update or revise any forward-looking statements or forward-looking information, whether as a result of new information, future events, or results or otherwise, except as required by applicable law. There can be no assurance that forward looking statements or forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements or forward-looking information. All forward-looking statements and forward-looking information attributable to us is expressly qualified by these cautionary statements.