



Building Trust

2023

Environmental, Social and
Governance Report

Discovery**silver**

Table of Contents

MESSAGE FROM OUR CEO	3
Sustainability Recognition in 2023	3
ABOUT THIS REPORT	6
Restated Information	6
Forward-Looking Information	6
Learn More	6
2023 SUSTAINABILITY HIGHLIGHTS	7
ABOUT US	8
Silver's Role in a Sustainable Future	8
Vision, Mission and Values	9
Cordero Project	10
ECONOMIC IMPACT	12
Supporting the United Nations Global Compact and Sustainability Development Goals	12
Equator Principles	13
OPERATING WITH EXCELLENCE AND INTEGRITY	14
Material Issues	14
Board Governance	15
Management	17
Our Policies and Systems	18
Stakeholder Engagement	20
PROVIDING A SAFE, HEALTHY, AND RESPECTFUL WORKPLACE AND ENVIRONMENT	22
Health, Safety and Wellness	22
Our Workforce	24
PROVIDING LONG-TERM SOCIO-ECONOMIC BENEFITS TO THE COMMUNITIES IN WHICH WE OPERATE	27
Community Relations	27
Community Investment	28
PROTECTING THE ENVIRONMENT	30
Environmental Management	30
Energy Use and Greenhouse Gas Emissions	31
Water Management	33
Biodiversity and Land Stewardship	36
APPENDIX	37
Performance Table	37
SASB Index	39

Message from our CEO

Discovery Silver Corp. ("Discovery") is committed to responsible mine development and operations that successfully balance environmental, social, and economic considerations generating long-lasting benefits for communities, minimizing the impact on the environment, and adding value for all stakeholders. We approach our business with the view that earning a social license to operate is not a nice to have, it is a must have in order to achieve long-term success.

Through the outstanding work of our people in Canada and Mexico, our 100%-owned Cordero project ("Cordero" or the "Project") has clearly emerged as a world-leading silver project. A number of milestones have been achieved at Cordero since the beginning of 2023, culminating in the release of our feasibility study results in February 2024. From the results of the study, it is clear that Cordero will be a long-life project that generates attractive economic returns. It is equally clear that it will deliver many other valuable benefits that make Cordero a truly important project. First, as a future large-scale silver producer, it can play a key role in closing market deficits and supplying silver for high-growth sectors such as electric vehicles and solar energy. Second, the Project will deliver substantial benefits to Mexico by creating high-quality jobs, investing in infrastructure as well as goods and services and generating tax revenue. Finally, Cordero is important for our industry because it will provide an example of how a large-scale mining project that is profitable, contributes to greater prosperity and meets the highest environmental standards can be part of the solution when it comes to achieving sustainability objectives in a world that increasingly needs metals and minerals.

Looking specifically at the feasibility study results, Cordero is projected to have a 19-year mine life and will produce 37 million silver equivalent ("AgEq") ounces annually in years 1 to 12. The project will have low costs, which will contribute

"Earning a social license to operate is not a nice to have, it is a must have in order to achieve long-term success."

Tony Makuch
Chief Executive Officer

to attractive economic returns. Importantly, this progress is being advanced in the right manner. One of the most important milestones achieved in 2023 was the success of our sustainability program. During the year, we performed impact assessment and social baseline studies leading to the submission of our Environmental Impact Statement ("Manifiesto de Impacto Ambiental" or "MIA") in August. Extensive diligence went into completing the MIA, including third-party reviews by Mexican and international experts to ensure that Cordero will adhere to both Mexican and international regulatory standards and Equator Principles 4.

SUSTAINABILITY RECOGNITION IN 2023

For the second consecutive year, we received the Socially Responsible Enterprise ("ESR") distinction from the Mexican Center for Philanthropy, which recognizes outstanding performance in five pillars: business ethics, community engagement, protection and preservation of the environment, quality of life for employees, and corporate social responsibility.

We also received the Great Place to Work Certification for the second straight year, which is an internationally recognized distinction for companies creating an outstanding employee experience.

During 2023, we were very honoured to have received for the first time the Quality Environmental Certification from PROFEPA, Mexico's Federal Attorney's Office for Environmental Protection. This award recognizes companies that achieve full compliance with all environmental regulations. **We are the only mining company in Mexico to receive this important recognition from the Mexican government.**

3.23

Total Recordable Injury Frequency (TRIF)



37.5%

of senior management are ethnically diverse



42%

of employees are women



0

reportable environmental incidents



Improving Health and Safety

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

During 2023, we adopted OSHA standards for measuring health and safety indicators and for tracking our performance, demonstrating Discovery's commitment to applying global best practices and continuously improving our data collection efforts.

We also continued to expand our focus on health and safety training as we strive to build and maintain a safety culture throughout the organization. Our approach emphasizes incident reporting to prevent future incidents. As a result, we have seen an increase in some health and safety key performance indicators (KPIs) partially driven by improved reporting practices from our employees.

In 2023, we introduced training programs for workers that are tailored to their specific roles and the environment in which they work. We also continued our SafeStart training program which empowers employees to take accountability for their safety and ended the year with 53 employees completing the highest level (Level 5), which enables them to become trainers themselves. We also conducted 12 emergency response drills and achieved, on average, 26 hours of health, safety and emergency response training per employee.

In addition to our other distinctions, we were pleased to receive the Safe Industry Certification (Level 1) by the Mexican Government's Secretary of Labor in 2023. This certification requires full legal compliance with over 20 Health and Safety Standards as outlined by the Mexico Federal Government. We also made progress toward

achieving Level 2 certification, which we expect to receive during 2024.

Supporting Our Workforce

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

In 2023, we enhanced our already successful "Building Leaders" initiative by introducing the "Leaders in Construction" training program which consisted of six training sessions centred around creating a high-trust culture, effective listening, influence through dialogue, inspiring, recognition, and feedback to help participants develop critical leadership skills.

We also continued to roll out new compensation initiatives to recognize and retain talented people. In July 2023, we introduced the Cordero bonus performance initiative which provides economic awards to employees who demonstrate a strong commitment to safety, environmental responsibility, and social engagement within their work teams and communities. Through initiatives like this, we continue to make progress in integrating our ESG values in everything we do.

Creating Value for Our Communities

Our team is already making a tremendous difference in the community around Parral, and in Chihuahua State, Mexico. In addition to our many outreach initiatives, we paid \$5.0 million in salaries and benefits in Mexico and invested close to \$20 million in local goods and services in 2023. We also contributed approximately \$200,000 in support of local programs ranging from educational programs and supplies, to investments to provide food to vulnerable groups, to providing water and other supplies to local ejidos.



What truly gets us excited is the socio-economic benefits Cordero will deliver to Mexico once the project is in development and operation. Based on the feasibility study, Cordero will create 2,500 direct jobs during construction and a peak of over 1,000 direct jobs while in operation. These will be high-quality jobs that involve extensive training and skills development that will have multi-generational benefits. Very importantly, over its 19-year life, Cordero will purchase approximately US\$4.0 billion of local goods and services, creating indirect jobs that will far exceed the level of direct job creation. The Project will invest US\$1.4 billion of capital and will pay US\$1.9 billion, at metal prices as of July 31, 2024, in taxes to governments in Mexico to support their public programs. Cordero is truly a project that will generate value for all stakeholders!

Protecting the Environment

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

In 2023, our total Scope 1, 2, and 3 GHG emissions were 1,228 tonnes of carbon dioxide equivalent (tCO₂e), which was a 27% reduction from the previous year due to decreased drilling and other activity.

Part of earning a social license to operate is being an integral part of the community and helping it overcome local challenges. Water availability is a critical issue in Mexico. As part of our feasibility study, we have included investments to bring infrastructure and technology to recycle wastewater in the community. Treated wastewater will represent the primary source of water for Cordero and will also benefit the Parral community and surrounding area.

The filing of our MIA for Cordero with SEMARNAT in August 2023 was a critical achievement that resulted from the hard work and dedication of our team in Mexico. While the approval process is ongoing, we are proud of our MIA, which clearly demonstrates that Cordero is a project that will deliver substantial benefits for the people of Mexico at

the same time that it achieves best practice in responsible environmental management.

Looking Ahead

Looking ahead, we are continuing to move Cordero forward, including working towards filing our Change of Land Use ("Cambio de Uso de Suelo" or "CUS") permit application and completing an extensive Social Impact Assessment study. We are also advancing our work to arrange financing for the project. Cordero is a world-leading precious metals project and as we continue to move forward, our overriding focus will remain to create value for all stakeholders while responsibly managing the environment for the benefit of future generations.

Thank you for your continued interest in Discovery and for reading our 2023 ESG Report.

Sincerely,

Tony Makuch
Chief Executive Officer





About this Report

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

The 2023 ESG Report covers Discovery's ESG performance and activities from January 1 to December 31, 2023. All financial information is reported in Canadian dollars unless otherwise stated. For the purposes of this report, references to "us," "our," "the Company" or "Discovery" refer to the entity Discovery Silver Corp. and its 100%-owned subsidiaries.

RESTATED INFORMATION

In previous years, Discovery Silver reported health and safety data based on Mexican government regulations. We have updated our approach to now report in accordance with the Occupational Health and Safety Administration (OSHA) standard, to align with internationally recognized regulations and enable more meaningful comparisons of safety performance with global companies.

FORWARD-LOOKING INFORMATION

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

LEARN MORE

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



2023 Sustainability Highlights

WORKFORCE

85 employees and contractors

100% of Canadian employees are local and

85% of Mexican employees are local

42% of employees are women

\$8,847,536 paid in employee salaries and benefits

Achievement of the **Great Place to Work Certification®** for a second consecutive year

GOVERNANCE AND MANAGEMENT

6 of our 7 directors are independent

33.3% independent directors are women

37.5% of senior management are ethnically diverse

COMMUNITY

\$19,174,090 in local spend on goods and services

\$192,822 in community investments

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

HEALTH AND SAFETY

ZERO fatalities

Total Recordable Incident Frequency (TRIF) of **3.23**

Days Away, Restricted, or Transferred (DART) rate of **1.61**

High Potential Incident (HPI) rate of **0**

Motor Vehicle Incident (MVI) rate of **41.62**

114 orientation sessions conducted for site workers and visitors

12 emergency drills completed

26.23 average hours of health and safety training completed by employees

ENVIRONMENT

ZERO reportable environmental incidents

15,944.86 gigajoules (GJ) of energy consumed

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

Scope 1 greenhouse gas (GHG) emissions of **381.74** tonnes of carbon dioxide equivalent (tCO₂e)

Scope 2 GHG emissions of **13.84** tCO₂e

Scope 3 GHG emissions of **832.90** tCO₂e

866 cubic metres (m³) of water consumed

432,943 square metres (m²) of surface area disturbed

30,837 m² of surface area remediated

The only mining company to receive the **Clean Industry Certification** by the Mexican Government

About Us

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

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

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

transition and creating sustainable value for all stakeholders through safe practices and positive community engagement.

SILVER'S ROLE IN A SUSTAINABLE FUTURE

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

In the context of the global energy transition, silver plays a crucial role in advancing sustainable technologies and renewable energy solutions. The metal's exceptional conductivity and reflectivity properties make it valuable in the production of photovoltaic (PV) cells for solar panels. As the world shifts towards cleaner and more sustainable energy sources, the demand for silver in solar energy applications is expected to increase. Silver is also critical to electric vehicle (EV) manufacturing, where it is used in the production of batteries and electronic components. As the momentum towards decarbonization intensifies, silver's role in facilitating the transition to a low-carbon economy becomes increasingly significant, positioning it as a vital resource in shaping the future of energy. Silver's use goes beyond supporting decarbonization efforts. Through its unique antimicrobial properties, it is increasingly being harnessed for water purification solutions, particularly in regions with limited access to clean water. Its inherent ability to combat harmful pathogens and effectively filter pollutants, including arsenic, positions silver as a promising tool in addressing water quality challenges.

In 2024, demand for silver is poised for significant growth, with global industrial demand projected to surge by 9%. Global economic growth and the focus on the uses of silver in supporting technology, such as PVs, and consumer electronics, are driving high demand for silver. Despite these positive demand trends, global silver mine production is expected to decline slightly by 0.8% in 2024, signaling a continued imbalance between silver demand and supply.¹

¹ Additional information can be found at [World Silver Survey 2024](#).

Silver supply is anticipated to remain relatively stagnant in the medium to long term due to limited large undeveloped deposits globally and the challenges associated with increasing mining rates at many underground mines. Silver produced from Discovery's Cordero asset can play a key role in supplying future demand growth.



VISION, MISSION AND VALUES

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

Our Vision

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

Our Mission

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

Our Values

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

- + **Health and safety:** We promote health and safety in all of our activities so that it is engrained within the culture of our entire organization.
- + **Honesty and integrity:** As the foundation of communication across the organization and with all stakeholders, we pride ourselves on open, transparent discussion. We are committed to working 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.



CORDERO PROJECT

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

Our 100%-owned Cordero project is positioned to be one of the largest silver producers globally, and one of the few silver projects globally that offers margin, size, and scalability. It is also referred to as Mexico's most precious silver asset. Spanning approximately 35,000 hectares,

the Cordero project sits strategically in a well-established mining belt within Chihuahua State, Mexico, benefiting from proximity to existing infrastructure. Cordero is well positioned to make impactful contributions to the Municipality of Parral, the State of Chihuahua, and the broader Mexican economy.

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. Typical stages of mining include exploration, discovery, development, production, and reclamation. We are still in the development stage, completing permitting and financing for the project and advancing Cordero further towards construction. In February 2024, we released the results from our Feasibility Study, which found that the estimated mine life is expected to increase from 18 years to 19 years and have a higher average annual production of 37 million ounces of silver equivalent (Moz AgEq) in years 1 to 12. Our drilling



activities in 2023, totalling over 33,000 metres, covered hydrology, geotechnical, and resource areas, contributing to a cumulative effort of more than 310,000 metres and 793 drill holes in the Cordero pre-development phases. The data obtained through this work will support resource confirmation, establish confidence levels for resource estimation, and form a foundation for mine planning and closure planning.

Discovery also completed a public offering of its common shares, generating approximately \$51.75 million in gross proceeds in April 2023. These funds will primarily support the ongoing development and risk reduction efforts for the Cordero project, along with serving working capital needs and general corporate purposes.

In August 2023, Discovery formally submitted the Cordero silver project EIA to the Secretaría de Medio Ambiente y Recursos Naturales (SEMARNAT), the federal agency responsible for evaluating EIA submissions. The EIA assessment is a critical requirement for the future development of Cordero. In support on the EIA, our Mexico team have been conducting extensive social and environmental work programs since 2020, alongside multiple reviews by third-party consultants.

Location and Communities of Influence

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

Size

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

Margin

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

Mine Life

- + 19-year mine life with clear extension potential

DISCOVERY SILVER'S PROJECT IN MEXICO



Cordero's Milestones

- **2022**
Preliminary Economic Assessment completed
- **2023**
 - 1H Preliminary Feasibility Study completed
 - 2H EIA submitted
 - 2H Phase 3 Drill Program completed
- **2024**
 - 1H Feasibility Study completed
 - 1H Land agreement reached
 - 1H Initiate Front-End Engineering Design (FEED) work



Economic Impact

We are committed to supporting the sustainability of communities and societies through fair employee compensation, ethical procurement practices, impactful community investments, and meeting our tax obligations. Our approach is helping drive a prosperous and resilient future for all stakeholders through economic growth and promoting social and environmental well-being.

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 2023, our economic impact included:



\$881,967

in mining duties paid to the Government of Mexico



\$192,822

in community investments



\$19,174,090

on local goods and services in Mexico



\$5,001,608

in Mexican employee salaries and benefits



SUPPORTING THE UNITED NATIONS GLOBAL COMPACT AND SUSTAINABILITY DEVELOPMENT GOALS

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

EQUATOR PRINCIPLES

The Equator Principles serve as a risk management framework used by financial institutions to identify, assess, and manage environmental and social risks when financing projects. There are 10 principles that cover topics such as environment and social assessment, environmental and social management systems, stakeholder engagement and grievance mechanisms. In 2022 we engaged a third-party consultant to conduct a comprehensive gap analysis against Equator Principles (EP4) and the International Finance Corporation (IFC) standards to identify key gaps and recommendations for improvement. During 2023 we began to address several of the recommendations to enhance our alignment with EP4 as part of our commitment to responsible project development. We have identified our area of influence and developed a Social Management Plan, both supporting our continued efforts to move the Cordero project towards the production stage.



Operating with Excellence and Integrity

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

There is a tremendous amount of work that is done before a mine can be built. We are in the latter part of the development stage of the mining cycle at Cordero, a phase marked by comprehensive planning and execution. We are addressing technical, economic, environmental, and social factors as we move through the permitting and project financing process, with a potential construction decision in the first half of 2025. We continue to prioritize environmental stewardship, ensure workplace safety and productivity, foster community engagement, drive innovation, and maintain the utmost standards of ethics and transparency.

In October 2023, for a second consecutive year, Discovery is pleased to share we have achieved the Socially Responsible Enterprise (Empresa Socialmente Responsable (ESR) distinction from the Mexican Center for Philanthropy (Centro Mexicano para la Filantropía) (CEMEFI). This distinction underscores our ongoing commitment to the fundamental pillars of business ethics, community engagement, environmental stewardship, employee welfare, and corporate social responsibility. We continued our strong performance by achieving an 'outstanding' rating across all

evaluated criteria and performing above average for the mining sector and all industries.²

MATERIAL ISSUES

Identifying our material issues is crucial for us to prioritize efforts that address stakeholder concerns while aligning with our core values and long-term sustainability goals. Our materiality assessment, conducted in 2021, integrated stakeholder concerns, industry standards, peer reports, ESG megatrends, and our enterprise risk register to identify seven material issues related to our business. In 2022, our Social Baseline Study provided further insights into local community dynamics, established a social baseline to measure the impacts of the Cordero project, and reaffirmed the relevance of our identified issues. Seven material



² For additional information on the ESR distinction visit: <https://www.cemefi.org/resultadosesr/>

issues were identified through this process and are used to guide our efforts and approach to managing ESG risks and opportunities.

BOARD GOVERNANCE

At Discovery, the Board of Directors (Board) and its four committees play a pivotal role in upholding ethical standards and integrity in our operations. The Board has ultimate responsibility for Discovery's stewardship and oversees the implementation of robust systems and controls to identify, manage, and monitor risks effectively. Working closely with the Senior Management Team, the Board provides strategic guidance, oversees decision-making processes, and monitors policy implementation. The Board takes an active approach to ESG matters, overseeing Discovery's ESG-related activities, monitoring performance, and reviewing the annual ESG report to maintain alignment with our sustainability objectives.

- + **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.
- + **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 a special focus on management succession, development and compensation.

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

Priority Issues

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



Our Directors' Skills

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

Board Education

Discovery places a strong emphasis on board education, including sustainability, to ensure that Board members are well-informed and equipped to make decisions aligned with our ESG principles and broader industry practices. As part of our Institute of Corporate Directors (ICD) corporate membership Board members have access to training courses, including Board oversight of social issues and climate governance. In 2022, one of our Directors enrolled in the Institute of Corporate Directors (ICD) and received their ICD designation in 2023.

In 2023, we held a political education session for Board members primarily reviewing the Mexican geopolitical landscape in the lead-up to the 2024 elections. The session discussed the candidates, their respective platforms, and polling trends, and addressed security in Mexico as part of the broader political discourse. External advisors are regularly invited to attend Board meetings to provide updates on topics such as, industry trends, political risks, and environmental and social issues. In 2023, the Board conducted a project site visit in Mexico, furthering their understanding of ESG considerations and supporting the assessment of technical and social aspects of the project.

Advisors to the Board

In 2023, Discovery appointed two seasoned advisors to its Board, Jonathan Gill and Mike Neumann, each bringing a wealth of invaluable experience to our team. Jonathan Gill boasts over 50 years of global mining expertise, holding various senior management positions and advisory roles providing insights to major international mining companies. Mike Neumann, a distinguished mining engineer, brings over 40 years of practical experience in mine design, operations, and environmental permitting. With their combined expertise Discovery has a strong foundation to support navigating industry complexities and continue advancing Cordero toward successful development and operation.

Board Diversity

Embracing diversity is integral to achieving our business goals and enhancing our decision-making processes. As articulated in our Human Rights and Diversity and Inclusion Policy, diversity considerations are part of our appointment process of new Board members. While we select the most suitable candidates for the Board, our aim is to capture a diverse range of qualifications, skills, expertise, and experiences across our Board members. We strongly believe a diverse Board will drive the effective execution of the Board mandate and stewardship of the Company.

Gender Diversity

Our Board consists of seven directors, including two female independent directors. Additionally, our Sustainability Committee is led by a female chairperson. In August 2023, we appointed a new independent director on the Board, resulting in a slight decrease in the percentage of independent directors that are women.

	2023	2022	2021
Independent directors	6 of 7	5 of 6	6 of 7
Independent directors that are women	33.3%	40.0%	33.3%
Number of confirmed incidents of corruption	0	0	0
Number of critical concerns that were communicated to the highest governance body during the reporting period	0	0	0

MANAGEMENT

Our Senior Management Team oversee Discovery's daily operations and has responsibilities across functional, operational, and ESG areas.

- + President and CEO and Senior Management Team:** Responsible for the management and monitoring of ESG performance and have functional and operational responsibilities encompassing exploration, operations, finance, corporate development, stakeholder engagement, and investor relations.
- + Senior Vice President Mexico:** Responsible for the strategy, planning and execution of Discovery's activities in Mexico, including ESG.
- + Vice President Corporate Affairs and Sustainability:** Accountable for building strong relationships with local stakeholders, managing the Sustainability Team in Mexico and delivering ESG performance.
- + Sustainability Manager (Mexico):** Responsible for implementing Discovery's ESG plans and initiatives, monitoring performance, and collaborating with the Senior Management Team.

We recognize that addressing ESG issues in our business requires collaboration across all our business functions. In 2023, we made a concerted effort to further integrate sustainability principles into all facets of our business operations. One notable advancement has been the increased engagement of wider team members in the sustainability reporting process. By involving a

broader spectrum of expertise and perspectives, we are better equipped to accurately assess our sustainability performance and implement impactful strategies across Discovery. This enhanced collaboration underscores our commitment to fostering a culture of sustainability and driving meaningful change within our company.

Updates to our Senior Management Team

In April 2022, Tony Makuch joined Discovery's Board of Directors as a new independent director. In June 2022, Mr. Makuch was appointed interim Chief Executive Officer (CEO) and as of January 2023 appointed CEO. Mr. Makuch is a professional engineer with over 35 years of significant industry and leadership experience.

Discovery welcomed several new additions to the Senior Management Team, including our Vice President, Mineral Processing who brings over four decades of mining industry experience including mineral processing, tailings dam construction, and operation. We also appointed a Corporate Affairs Director, whose experience in roles at both the Mexican Federal Government and the State Government of Chihuahua focused on fostering collaborative relationships between mining corporations, government entities, and local communities.³

In 2023, we also announced the departure of our Chief Operating Officer.

Training and Development

We prioritize the professional growth and development of our team, focusing on the areas of sustainability and health and safety. Our Senior Management Team are enrolled in the International Association for Sustainable Economy (IASSE) qualification, a globally recognized certification that provides training and requires compliance with the highest professional and ethical standards for global ESG professionals. Modules covered include the international context and factors influencing the green transition, carbon pricing mechanisms, sustainability governance, and more. Currently, nine employees, including the Sustainability Manager, Senior Vice President Mexico, and Chief Financial Officer (CFO), have completed the foundational Level 1 course and exam, while the Sustainability Manager and CFO have completed Level 2. In 2023, our Senior Management Team undertook political risk and additional communications training.

Furthermore, in 2023, the Sustainability Manager in Mexico expanded their skills by obtaining a Senior Business Management certification, aligning with Discovery Silver's vision to integrate sustainability into core business decision making and initiatives.

3 In 2024, the Corporate Affairs Director transitioned to the role of Vice President, Corporate Affairs & Sustainability.



Management Diversity

We believe diversity is vital for fostering innovation and building a resilient team. In 2023, approximately 37.5% of our Senior Management Team was ethnically diverse. This represents an increase from 2022, demonstrating our commitment to supporting diversity across our organization.

	2023	2022	2021
Management diversity	37.5%	16.7%	40.0%

OUR POLICIES AND SYSTEMS

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

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

- + Our **standards** state the requirements to help meet our policies.
- + Our **procedures** provide further instructions and guidance to meet our standards.

Our sustainability-related policies include:

- + **Code of Business Conduct and Ethics:** Ensures that business is conducted honestly, with integrity and impartiality and complies with applicable laws, rules, and regulations.
- + **Whistleblower Policy:** Ensures there is a confidential and anonymous process to support persons who report ethical concerns. This includes a 24/7, third-party operated hotline and online portal for anonymously reporting concerns.
- + **Anti-Bribery and Anti-Corruption Policy:** Outlines the Company's zero tolerance policy for bribery and corruption and ensures business is conducted in an honest and ethical manner.
- + **Human Rights, Diversity and Inclusion Policy:** Outlines the Company's commitment to respecting human rights, respecting diversity, and fostering a culture of inclusion. This includes the prohibition of child labour in our company, including contractors.
- + **Fitness for Duty Policy:** Outlines Discovery's commitment to maintaining a safe work environment and ensuring that all employees and contractors are fit for their assigned tasks, with the objective of achieving zero workplace incidents or injuries.

In 2023, Discovery initiated a campaign aimed at raising awareness of our key policies throughout our workforce. This initiative encompassed numerous training sessions focused on educating employees in critical policy areas, including our Human Rights, Diversity, and Inclusion Policy, as well as our Code of Business Conduct and Ethics. The goal of the campaign is to cultivate a culture of awareness, respect, and ethical behaviour throughout the organization.

Enterprise Risk Management

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

In the ordinary course of business, Discovery is required to obtain and renew governmental licenses or permits for the operation and expansion at Cordero; or for development, construction, and eventual commencement of mining. Discovery has recently submitted its EIA, and will be applying for additional permits required to further carry out its work. There is a risk that the recent municipal, state and federal elections in Mexico in June 2024, resulting in a presidential leadership transition and changes at senior levels within the government, as well as a reduction in government office staffing levels that has taken place, may cause delays in processing applications and issuing permits, thereby delaying the Cordero project. The company has carried out a thorough evaluation of the transition risks derived from the political and regulatory scenario in Mexico, in order to effectively link the opportunities of the Cordero project with Mexico's future.

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

The potential physical impacts of climate change on the Discovery's operations are highly uncertain and are unique to the geographic location of the Cordero project. These may include extreme weather events, changes in rainfall patterns, water shortages, energy disruptions and changing temperatures. There may also be supply chain implications in getting supplies to the project, including

transportation issues. In addition, global efforts to transition to a lower-carbon economy may entail extensive policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, focus and jurisdiction of these changes, transition risks may pose varying levels of financial and reputational risk to the Company.

Discovery is effectively managing these, and other sustainability-related risks, based on what is within the Company's control. For additional information on our risks, please refer to our [Management Discussion and Analysis](#).

Cybersecurity

Discovery increasingly relies on management information systems and computer control systems to run its operations. The Company has implemented security procedures and measures in order to protect its systems and information from being vulnerable to cyber-attacks. To enhance our cybersecurity measures, we conduct testing on our information technology and security systems, and provide training for our workforce. In 2023, we set in place procedures for Egnyte, our cloud-based data-sharing platform, enhancing information protection. We recognize that every employee plays a vital role in upholding robust cybersecurity measures at Discovery. Looking ahead to 2024, we plan to further enhance our cybersecurity by rolling out mandatory monthly cybersecurity training for our employees through a specialized training provider. The CFO also receives monthly reports on completion rates and employees that do not pass phishing testing are required to complete additional training.



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





STAKEHOLDER ENGAGEMENT

Our stakeholders are at the centre of our mission to deliver sustainable value for all stakeholders by operating in a safe and responsible manner and having a positive impact on local communities. Engaging with our stakeholders is paramount for building trust, maintaining transparency, and collaboration. By actively involving stakeholders, we gain valuable insights, we can understand and anticipate concerns, and foster stronger relationships, all supporting stronger decision-making and sustainable growth. As ESG considerations continue to rise in significance for our stakeholders, we remain committed to enhancing our engagement efforts.

In 2021, our Social Baseline Study identified our stakeholders and gathered valuable feedback from over 1,800 individuals. Building on this foundation our 2022 Social License Study sought to understand stakeholder perceptions of the Cordero project, focusing on legitimacy (compliance with laws), credibility (compliance with our agreements), and trust (confidence in the future of the Company and employee participation in decision-making). Results demonstrated strong support for the project and emphasized the critical need for ongoing dialogue on our future. We have enhanced

our communications initiatives by conducting in-person meetings to share more targeted and specific information about the company's future plans with stakeholders, including communities, government officials, and employees, to better address the unique needs of each group.

The table on the following page outlines our key stakeholders, how we engage, key topics of interest, and engagement highlights in 2023.



STAKEHOLDER	HOW WE ENGAGE	KEY TOPICS OF INTEREST	KEY HIGHLIGHTS IN 2023
Ejidos⁴, land owners, and community members	<ul style="list-style-type: none"> + Regular and ongoing dialogue and engagement + Ejido committee meetings + Project updates + Community investment discussions + Online and in-person interviews conducted by third parties 	<ul style="list-style-type: none"> + Employment and business opportunities + Health care + Quality of life + Water and environmental protection + Education + Infrastructure + Security 	<ul style="list-style-type: none"> + Carried out several initiatives to local communities including providing farming supplies and food for vulnerable populations
Government and regulators	<ul style="list-style-type: none"> + Regular and ongoing dialogue and engagement + Project updates + Regulatory reporting + Community investment partnership discussions + Online and in-person interviews conducted by third parties 	<ul style="list-style-type: none"> + Compliance with laws and regulations + COVID-19 management + Communities + Economic development + Health and safety + Water and environmental protection 	<ul style="list-style-type: none"> + Conducted meetings to discuss the highlights of the Cordero project including topics such as years of useful life, economic benefits, jobs, and investments
Investors	<ul style="list-style-type: none"> + Investor meetings + Investor Days + Annual General Meeting + Suite of reports (ESG Report, Annual Report, Financial Statements, Management Discussion and Analysis, Annual Information Form) 	<ul style="list-style-type: none"> + Cash position + Resources and mine potential + ESG disclosure and performance 	<ul style="list-style-type: none"> + Attended various investor conferences in Canada, US, and Europe + Hosted an analyst site visit in October 2023
Suppliers	<ul style="list-style-type: none"> + Regular and ongoing dialogue and engagement + Business development events + Contracts and due diligence process 	<ul style="list-style-type: none"> + Local procurement + Business development + Health and safety + Capacity development 	<ul style="list-style-type: none"> + Conducted supplier trainings on Discovery's Code of Conduct, Human Rights and other internal policies + Dissemination of information on the Cordero project in specialized Mining Forums
Employees and contractors	<ul style="list-style-type: none"> + Regular and ongoing dialogue and engagement + Internal communications + Meetings with Managers + Daily safety meetings + Training 	<ul style="list-style-type: none"> + Growth and professional development + Health and safety + Compensation and benefits + Community engagement 	<ul style="list-style-type: none"> + Held in-person meetings with employees to communicate feasibility updates for the Cordero project, as well as regular trainings

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

Providing a Safe, Healthy, and Respectful Workplace and Environment

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

HEALTH, SAFETY AND WELLNESS



Aligning with SDG 3

Our Approach

At Discovery, we are committed to fostering a safety culture that extends beyond physical well-being to encompass mental health and overall wellness. By prioritizing open communication, proactive measures, and a supportive environment, we empower our team to embrace safety as a shared value, ensuring that everyone feels secure, supported, and able to perform at their best. We implement robust health and safety procedures, outlining clear expectations for both employees and contractors to ensure that every individual returns home safely at the end of the day.

Health, safety, and wellness is a collective commitment where everyone plays a crucial role in ensuring a secure and healthy environment for all. Our Board oversees our



health and safety management performance, and the Senior Management Team conducts monthly reviews and discussions to assess progress and identify opportunities for improvement. Our Sustainability Manager, supported by the Senior Management Team, is responsible for our health and safety performance. The Sustainability Manager develops and supports implementation of health and safety standards and procedures. Our Health and Safety Coordinator handles the day-to-day management of our health and safety initiatives. On-site, our two health and safety staff supervise operations and manage potential incidents to ensure the safety of everyone. Employees and on-site workers play an active role in ensuring a safe working environment by following procedures and identifying and reporting hazards and incidents. We encourage a strong safety culture by conducting health and safety training, defining roles and responsibilities, fairly distributing work, and recognizing exceptional performance from team members.

We monitor health and safety metrics in both English and Spanish and encourage employees and contractors to report all incidents, including near misses. We emphasize to employees the importance of incident reporting in cultivating a safer work environment and assure them that there are no repercussions for reporting unsafe behaviors, practices, or near misses. This ensures accurate performance tracking, enables early identification of hazards, empowers proactive measures to prevent accidents, and holds us accountable to our health and safety objectives.

Promoting psychological safety in the workplace is vital for creating an environment where our employees feel supported to express themselves openly and share ideas without fear of repercussions. A psychological safe working environment promotes innovation, collaboration, and ultimately improves our health and safety performance. At Discovery, we recognize this importance of creating a psychological safe space and have implemented the Mexican Standard NOM-035 "Psychosocial Risk Factors" across our corporate offices and the Cordero site. To enable employees to freely voice their concerns, we established a direct email system for incident and grievance reporting between employees and Human Resources Officers/Coordinators. Reported incidents are investigated jointly by the Human Resources Coordinator and Sustainability Manager, who notify the Senior Vice President of Mexico of confirmed incidents and develop corrective action plans.

As part of our commitment to NOM-035, we conducted various training sessions throughout the year, including fire prevention and working at heights. In 2023, we have no reported incidents related to NOM-035.

Key health, safety, and well-being initiatives in 2023 included:

- + **Training:** We focused on introducing trainings for workers that are specific to their roles and the local environment in and around the site including the handling of chemical substances, induction training for suppliers, contractors, and visitors, and defensive driving training for contractors. We also continue to provide workforce training through our SafeStart program which empowers employees to take accountability for their safety. We have 53 employees that have completed Level 5/5 of this training, qualifying them to train, promote, and manage a culture of safety within the Company.
- + **Health and safety week:** We hosted our annual Health and Safety Week in June 2023. As part of Safety and Health Week, we collaborated with the Municipality of Hidalgo del Parral to provide dental services and host an informative talk on hearing loss, underscoring our commitment to promoting employee well-being and safe working environments.
- + **Multifunctional brigade:** We established a multifunctional brigade, through collaborative efforts by our health and safety department. The multifunctional brigade is trained on critical areas such as first aid, rope rescue, and chemical spill management, as another way to ensure the safety of all employees.
- + **Emergency drills:** We held training drills as part of our emergency preparedness management. A total of 12 emergency drills were completed in 2023, including,

extraction and stabilization of accident victims, search and rescue, Emergency Corps meeting, and an earthquake evacuation drill.

Performance

In 2023, we received the Safe Industry Certification (Level 1) issued by the Mexican Government's Secretary of Labor, which required full legal compliance with over 20 Health and Safety Standards. Our objective was to attain Level 2 compliance in 2023, however, due to changes in the office of the Mexican Government, performance reviews required for obtaining the certification were delayed. As a result, we have adjusted our target and aim to attain Level 2 compliance in 2024.

In 2023, we adopted the Occupational Health and Safety Administration (OSHA) standard for recording and reporting health and safety data. This aligns Discovery with internationally recognized regulations that prioritize safe and healthy working conditions for employees. Following the OSHA standards enables more meaningful comparisons of safety standards and performance with global companies.

In 2023, we had two recordable incidents, our total In 2023, we had two recordable incidents, our total recordable incident frequency (TRIF) increased to 3.23 from 0.52 in 2022 and our days away, restricted or transferred (DART)



Golden Safety Rules

To support our employees, Discovery provides health and safety training for all workers. In 2023, we will include the Golden Safety Rules in the work rules for all employees.

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

rate increased to 1.61 from 0.52. This increase is attributed to the stricter nature of the OSHA standard compared to Mexican regulations. Accidents that are not considered recordable under Mexican legislation (our previous reference) are classified as recordable under the OSHA standard. Without assuming this international standard, we reduced accidents and their severity by 30%.

Our Near Miss Incident (NRI) rate continued to decrease for the third consecutive year, and our High Potential Incident (HPI) rate, which is the frequency of incidents that have the potential to cause serious injuries or illnesses and/or death, also decreased to 0 in 2023 from 1.57 in 2022. Our SafeStart initiative has played a crucial role in helping to reduce incidents by empowering every employee and contractor with a personal responsibility for safety. To address HPIs, we have enhanced our training programs, enabling employees to accurately identify and report these classifications. This proactive approach supports ongoing improvements. Additionally, the more stringent requirements of OSHA have contributed to a reduction of incidents being classified as HPIs in 2023.

Our Motor Vehicle Incident (MVI) rate significantly increased in 2023 to 41.62 from 9.14 in 2022. MVI incidents increased due to improved incident reporting, driven by enhanced employee training and better recognition of dangers and risks.

To help reduce MVIs, employees participate in defensive driving training. Additionally, we equipped each vehicle with GPS for real-time monitoring, installed maximum proximity signs, designated specific parking areas, and added backup sensors and tire lock barriers. We will continue to identify measures to reduce motor vehicle incidents and provide training, where necessary.

	2023	2022	2021
Fatalities	0	0	0
Recordable incidents	2	1	2
Total recordable incident frequency (TRIF)	3.23	0.52	1.18
Days away, restricted or transferred (DART) rate	1.61	0.52	2.37
Motor vehicle incident (MVI) rate	41.62	9.14	3.77
Near miss incident (NRI) rate	3.23	3.66	5.91
High potential incident (HPI) rate	0	1.57	2.37

In 2023, we conducted 12 emergency drills and increased our health, safety, and emergency response training efforts. Employees and contractors participated in an average of 26

hours of health, safety, and emergency response training per person, an increase from just under 20 hours in 2022.

	2023	2022	2021
Orientation sessions for site workers and visitors	114	135	54
Emergency drills completed	12	11	6
Average hours of health, safety, and emergency response training (per employee/contractor)	26.23	19.73	6.63

OUR WORKFORCE

Our Approach

We recognize that our greatest asset is our workforce and the value they add to both Discovery's success and the communities we operate in. We are committed to supporting our employees throughout their careers by fostering open communication, providing professional development opportunities and maintaining a culture of respect and inclusion. In doing this we empower our employees to thrive, in turn driving Discovery's collective success. Our workforce strategy is guided by our Human Rights and Diversity and Inclusion Policy, Code of Business Conduct and Ethics, and the Anti-Bribery and Anti-Corruption Policy. During orientation, all employees learn about these policies, and they attend a 2-hour annual refresher workshop to reaffirm their understanding.

Our Senior Management Team holds ultimate responsibility for human resources management. The Senior Vice President of Mexico and the Sustainability Manager oversee human resource management in Mexico. Additionally, our Human Resources Coordinator and support staff at the Cordero site and the Parral head office assist in implementing human resources policies and initiatives to support our workforce.

Talent Development and Performance Management

At Discovery, our goal is to foster an environment where our team members have the chance to develop and grow. By providing our employees with tailored training opportunities we are enhancing individual employee's skills in alignment with their career aspirations. Our quarterly employee performance evaluation process, as part of our performance management, assesses employee's performance relative to business goals and key performance indicators (including ESG). All employees receive feedback on their strengths and opportunities for improvement and are actively involved in co-developing improvement plans. We enable all employees to reflect and share their thoughts on their

Celebrating the Mining Industry

In July 2023, we hosted Miner's Day in recognition of the crucial role mining plays in both national development and the livelihoods of those involved across the mining value chain. The Discovery team celebrated our successes and the significance of our contribution to the broader mining industry, through engaging presentations and interactive sessions.



own performance and management, leading to increased individual accountability and improved communication across all levels of the organization.

Our "Building Leaders" training initiative emphasizes our commitment to workforce development by offering comprehensive training sessions throughout the year. Covering topics such as leadership, environmental awareness, safety protocols, quality management, and teamwork, these sessions aim to enhance productivity and foster greater collaboration among employees. Specifically in 2023, we conducted the Leaders in Construction training program which consisted of six training sessions on creating a high-trust culture, effective listening, influence through dialogue, inspiring, recognition, and feedback to help participants develop critical leadership skills. This consisted of 312 hours of training to 10 leaders to grow their management skills and align with Discovery's work culture.

for Pride and Community, indicating that our employees feel recognized for their performance, take pride in working for Discovery, foster close relationships with colleagues, and experience a strong sense of unity.

Compensation and Benefits

Our competitive salary strategy adheres to industry best practices, ensuring equitable compensation and providing incentives for high-performing employees through regular pay raises or bonuses, even within their first year. This approach extends to contractors, who have the opportunity to transition to permanent positions based on their performance. In addition to competitive compensation packages, all employees joining the Discovery team receive major medical expenses insurance, regardless of their position or tenure. This coverage also extends to their immediate family members, such as spouses and children.

Performance



Aligning with SDG 16 + UNGC Principle 2

In recognition of our ongoing dedication to fostering a supportive workplace culture, we are honored to have received the Great Place to Work Certification for the second consecutive year. In the national ranking, we placed 36th out of 172 companies, earning a position as one of the Best Companies to Work in Mexico. We received an overall score of 87%, marking an improvement from 84% in 2022 and demonstrating our continuous efforts in improving employee well-being and satisfaction. As part of the certification process, our employees participated in a comprehensive survey, exploring various aspects of our workplace culture. Our scores saw improvements in all categories this year and we maintained our highest scores

	2023	2022	2021
Total salaries and benefits (\$)	8,847,536	6,738,989	4,927,600

At Discovery, we prioritize recognizing and celebrating the contributions of our employees through thoughtful initiatives. Our "Employee of the Quarter" program honours exceptional individuals through quarterly awards ceremonies, where winners are acknowledged in front of our entire team, both on-site and off-site via live stream. Employees are nominated based on their operational and ESG performance by our on-site supervisors and coordinators. A committee is responsible for reviewing all nominations. Additionally, our "Welcome to the Cordero family" onboarding process ensures that new hires feel valued and embraced from day one, with their photographs displayed on our bulletin board, fostering a sense of belonging and camaraderie from day one.

In July 2023, we introduced the Cordero bonus performance initiative which awards economic incentives to employees who demonstrate commitment to safety, environmental responsibility, and social engagement within their work teams and communities. The initiative is designed to promote leadership qualities and teamwork while encouraging the pursuit of shared goals in alignment with Discovery's values and culture.

Workforce Profile

In 2023, our workforce decreased in size compared to previous years. This is largely due to the hiring of contractors and temporary employees for specialized geophysics activities completed during 2021 and 2022. As the Cordero project advances through the mining stages our workforce size will adjust to align with the needs of the project. We anticipate, 2,500 direct jobs created during construction, and peak employment of over 1,000 direct jobs during operation.

	2023	2022	2021
Total workforce (#)	85	153	154
Canada	10	12	10
Employees	10	10	9
Contractors	0	2	1
Mexico	75	141	144
Employees	59	67	58
Contractors	16	74	86

Local Employees

In line with our commitment to contribute to the economic development of our surrounding communities, we aim to hire local employees whenever possible, selecting candidates based on skills and experience. To achieve this, job announcements are first made in person at the community assembly of Ejido Cordero. If no qualified applicants are found, vacancies are then advertised on Chihuahua's public employment service website. In 2023, for the Cordero project, 85.7% of employees were from the State of Chihuahua. As part of our agreement with the Ejido, we are working to increase the number of our Ejido employees, contributing to the local economies of our neighbouring communities.

	2023	2022	2021
Local employees (%)			
Canada	100.0	100.0	100.0
Mexico	85.7	85.1	94.8

Employee Diversity



Aligning with SDG 5 + UNGC Principle 6

We recognize the importance of diversity in our workforce and are committed to increasing gender diversity across our teams. In 2023, 42% of the workforce were women, demonstrating consistent progress year over year and exceeding our goal early. To support equal opportunity, we adopt a skills-based approach to eliminate bias in the hiring process. We also participate in Women in Mining (WIM) Mexico, an organization dedicated to supporting women's participation in the mining industry.

At Discovery, we prioritize cultivating healthy work environments through ongoing dialogues centered on respect, anti-harassment, and anti-discrimination. These discussions are integral to our commitment to fostering a workplace where everyone feels valued and respected. Throughout 2023, we held multiple training sessions on our Human Rights, Diversity, and Inclusion Policy to reinforce these values and ensure their implementation throughout the Company.

	2023	2022	2021
Employee diversity (%)			
Women	42.2	32.5	28.4
Men	57.8	67.5	71.6

Employee Turnover

At each stage of Cordero's development, we require specific roles and skills to advance the project. There are many contextual factors to consider such as the seasonality of when specific work can be done and whether we have received the necessary permits and licences to operate. We make every effort to retain and transition employees to new roles within the project. We do this by planning and sequencing our work and engaging with the state and federal government to support the timely receipt of permits and licences.

In 2023, we experienced a decrease in employee turnover, compared to 2022. We speculate this is due to the full resumption to work after COVID, which previously affected our turnover, but also to the very competitive salary and benefits packages Discovery pays and the positive culture that we have created. We will continue programs to support employee retention and prevent employee turnover.

	2023	2022	2021
Employee turnover (%)⁵	20.4	35.0	31.7

⁵ Employee turnover data is calculated using the total employee numbers at the end of the reporting period.



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

COMMUNITY RELATIONS

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

Our Approach

Although we have received confirmation from the Mexican government that there are no communities or Indigenous Peoples claiming rights to the land of the Cordero project or located in the project's area of influence, we believe in the importance of working with the local communities surrounding the project. We engage these local communities to guide our approach, build trust, understand their priorities, and create mutually beneficial relationships. Our goal is to create local jobs, bolster local businesses, and make impactful community investments to ensure that local communities and economies benefit from our presence in the region. Our approach to community relations is guided by our Human Rights, Diversity and Inclusion Policy. We also recognize the diverse values and interests

of our stakeholders and conduct detailed assessments to understand the potential impacts of our operations and tailor our engagement accordingly. Leading these initiatives is the Senior Vice President of Mexico, supported by a dedicated team including the Vice President Corporate Affairs & Sustainability, Mexico, the Sustainability Manager and Social Management Superintendents, who work collectively to manage community relationships and related impacts.

We participate in regular community engagement sessions that provide the opportunity for direct communication through one-on-one dialogue and group forums. Additionally, we've established a structured process to document these engagements, serving as a way to track our efforts and provide tangible evidence of our proactive approach. Through our Community Response System, we effectively manage community inquiries, feedback, and complaints. The system ensures the prompt resolution of concerns raised by local stakeholders and the integration of community feedback into our operational practices. This structured approach to receiving, evaluating, and resolving community feedback is essential for cultivating trust and upholding our social license to operate.

In 2023, Discovery started planning for a Social Impact Assessment that, with the support of a third-party consultant, will involve conducting social impact studies encompassing the Cordero project and related infrastructure, like the electric transmission line and water conduction line. The assessment will aim to determine the project's area of influence, identify communities within it, and evaluate positive and negative social impacts and their magnitude. Additionally, a more comprehensive Social Management Plan will be developed outlining measures to enhance positive impacts, mitigate negative impacts, and ensure sustainability and respect for human rights throughout the project's



lifecycle. The Social Impact Assessment is scheduled to be completed by the end of 2024.

Performance



Aligning with SDG 16 + UNGC Principle 1

Throughout 2023, we conducted 45 engagement sessions with local community stakeholders and finalized 43 project agreements, a significant increase compared to our 2022 performance. By engaging with the local communities we addressed their concerns, such as traffic management, wildlife protection and land access. These sessions provide us valuable insight into local concerns and priorities that ultimately support our future decision-making. The increase in project agreements was driven by our continued community engagement and supporting EIA and permitting requirements. Project agreements are based on insights gained during our Social Baseline Study conducted in 2021 and are designed in alignment with Discovery's objectives.

In 2023, the Ejido Cordero submitted a document outlining the community's endorsement of the construction and operation of the Cordero project to help demonstrate to the government the project's social acceptance from the community.

In 2023, we received two instances of community grievances, a decrease from the four received in 2022. These grievances were related to land access and both were promptly addressed and clarification given confirming that Discovery was not operating on the community members' land. We remain committed to building new and strengthening ongoing relationships with our stakeholders through transparent communication and trust.

	2023	2022	2021
Number of project agreements	43	9	12
Community engagements	45	19	Not tracked
Community feedback received	2	4	0
Community feedback actioned	2	4	0
Community feedback outstanding	0	0	0

In 2024, we aim to increase the scope of our engagement by involving more communities. We will also conduct a Social Impact Study aligned with the Equator Principles and IFC Performance Standards, enabling us to better manage risks and opportunities with stakeholders.

COMMUNITY INVESTMENT

Our Approach

Our community investment strategy is shaped by our Social Baseline Study and engagement with local stakeholders. Completed in 2021, the study gathered input from over 1,800 stakeholders and guided the development of our initial Social Management Plan. The plan was crafted to address stakeholder interest and concerns, and outline ways we can create shared value through initiatives. We prioritize stakeholder feedback as it supports strategies that directly address local needs and priorities, and actively seek input from municipal governments like Parral and Ocampo in Coahuila, ranch owners, Ejidos, and local suppliers. By collaborating with groups that align with our values, including local communities, governmental bodies, and development organizations, we ensure the effectiveness of our efforts and that they resonant with the communities we serve.

Performance

Throughout 2023, we maintained our commitment to community investment initiatives, directing resources toward health, education, and productive projects, with a total investment of over \$192,000. In 2023, we placed particular emphasis on supporting vulnerable populations within the community through various project

	2023	2022	2021
Total community investment (\$)	192,822	197,358	41,393

Supporting Local Business

Supporting local development and economy is important to Discovery and we prioritize sourcing goods and services locally whenever possible. Our approach to local procurement is guided by the protocols and practices we have established within our procurement and supply chain operations. We consider local procurement from two perspectives, supplies sourced from Mexican businesses, and supplies sourced from the communities identified in our Social Baseline Study for Cordero. In 2023, our local spend was close to \$20 million, a slight decline from 2022 due to a reduction in our exploration activities as we shift between project stages.

In 2023, we implemented a more structured process to enhance our capabilities around tracking spend in the municipalities surrounding the Cordero project, including Parral. This new process gives greater granularity in monitoring our local spend and improves visibility.

	2023	2022	2021
Local spend on goods and services (\$)	19,174,090	25,946,072	10,301,261

Key highlights from our 2023 community investments

- + **Mano a Mano Project** – Donated equipment for two tortilla shops, as part of a collaboration agreement with the Municipality of Parral, supporting local businesses and boosting the accessibility of healthy and affordable food options for vulnerable groups, including the unemployed. So far, approximately 700 families have benefitted from this project daily.
- + **Hurricane Otis Supplies Donation** – Partnered with the Va por Ellos Hermosillo Foundation to provide essential aid, including bottled water, food supplies and hygiene products to over 5,360 families in severely affected port of Acapulco, Guerrero, and surrounding areas, following the devastation caused by Hurricane Otis in October 2023.
- + **Supporting Local Ejidos** – Donated water troughs, feeders, a water tank, and alfalfa to local Ejidos and ranch owners in help ensure animals have continuous access to water and food to mitigate against the impacts of drought.
- + **Promoting Access to Education** – Delivered 1,440 school supply packages to children in partnership with the Juntos Somos Útiles program to support equitable educational opportunities for vulnerable children in the community. Packages included footwear, uniforms and backpacks.



Protecting the Environment

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

ENVIRONMENTAL MANAGEMENT



**Aligning with SDG 12
+ UNGC Principle 7, 8, and 9**

Our Approach

In the Chihuahua region of Mexico where our operations are located, the climate is defined by semi-arid, temperate conditions with hot summers. The area boasts rich biodiversity with an array of plant and animal species. The local environment is critical for supporting the livelihoods of people working in the forestry, agriculture and livestock sectors. Water is a scarce resource in the region and a critical concern for both governmental bodies and local communities, highlighting the pressing need for sustainable solutions.

In recognition of the local context and challenges in the region, environmental protection remains a predominant concern for our operations. Sustainability is integrated into our business management and decision making, leading us to consider the environmental implications of our work and engage with local communities to understand their environmental-related concerns. We aim to continuously identify, prevent, minimize, and remediate our environmental impacts, through proactive measures informed by scientific knowledge and industry best practices.

Our commitment to environmental stewardship is evident through rigorous oversight and proactive measures and starts at the highest levels of leadership. A dedicated Sustainability Committee at the Board level conducts quarterly reviews of our environmental management performance and initiatives. The Senior Vice President of Mexico, the Vice President of Exploration, and the Vice President Corporate Affairs and Sustainability, Mexico are all responsible for reviewing weekly and monthly environmental reports. Additionally, the Senior Management Team reviews monthly reports. Our Sustainability Manager oversees the implementation of environmental plans, processes, and initiatives, and is supported by Environmental Coordinators. Together, they ensure compliance with our environmental practices and permits, as well as facilitate the tracking and monitoring of environmental metrics. We are committed to empowering our entire workforce, contractors included, with the necessary knowledge and skills to address environmental challenges; and do so by providing comprehensive training on environmental issues and our sustainable practices.

In 2023, we submitted our EIA for the Cordeo project to SEMARNAT for review. This submission marks a significant step toward obtaining the necessary permits for the project's development, reflecting the culmination of extensive social and environmental work programs conducted by the Company since 2020.



We facilitated specialized studies during 2023 to characterize the environmental system in our operational areas and understand the environmental baseline. The studies provide essential data on flora and fauna identification, soil metal content, and water and air quality analysis, enabling us to evaluate our environmental performance and maintain regulatory compliance. The studies were conducted by accredited third parties and supervised by Discovery team members to ensure sample traceability.

Performance

Environmental Management and Certifications

Building on our efforts in 2022, in 2023, we achieved a significant milestone by receiving the Clean Industry Certification issued by the Procuraduria Federal de Proteccion al Ambiente (PROFEPA), Mexico's federal environmental protection agency. This prestigious certification is awarded to companies that demonstrate full compliance with relevant environmental regulations. Notably, Discovery stands as the sole mining company to earn this certification, highlighting our unwavering dedication and exceptional performance in environmental compliance. To receive this certificate, companies must undergo a voluntary environmental audit conducted by an external firm accredited and approved by PROFEPA. This comprehensive assessment meticulously reviews applicable regulations to ensure compliance, enabling Discovery to identify and implement preventive and corrective actions to enhance our environmental performance.

We always aim to maintain regulatory compliance in our operations and utilize a compliance management matrix to manage our compliance. The matrix includes requirements from the federal, state, municipal levels, environmental permits, and includes our entire operations, from site activities to office procedures and renovation projects. Regular revisions of the matrix occur either upon the receipt of new permits or every six months, ensuring continuous alignment with evolving compliance requirements.

We completed the development of internal and external Environmental Management Plans for Cordero in 2023, defining our mitigation and management strategies for environmental risks, ensuring adherence to regulatory permits and integration of industry best practices. The plans were developed based on topics relevant to our stakeholders and feedback from community engagement including X [can we list any topics that plans include?]. The external plan is currently pending approval from PROFEPA. [Discovery: confirm the accuracy of this paragraph and add any additional details.] . One initiative focuses on water

monitoring involving community properties and local owners, fostering trust and shared responsibility for future water stewardship. All plans have been approved by PROFEPA.

Our employees hold strong skills and expertise that support our environmental management programs. One of our Environmental Coordinators is certified by the International Organization for Standardization (ISO) 14000 series of standards, that promotes effective environmental management systems in organizations. This certification is integral to our ongoing commitment to refining and optimizing our processes within our current SMS, to align with industry best practices and continually strive for improvement. In 2023, we completed an external audit to evaluate our internal processes and identify areas for improvement. We intend to use the results of this audit to develop an internal audit process by the end of 2024.

Zero Environmental Incidents

We continue to demonstrate strong environmental performance and during 2023 achieved another year of zero reportable environmental incidents. This success highlights our dedication to continuous improvement, supported by comprehensive training initiatives and a strong reporting culture and practices that enable proactive identification and mitigation of potential issues.

	2023	2022	2021
Reportable environmental incidents	0	0	0

ENERGY USE AND GREENHOUSE GAS EMISSIONS



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

Our Approach

In today's rapidly changing climate landscape, businesses play a crucial role in addressing climate change. The Cordero project is positioned to be a significant player in advancing towards a lower carbon economy, with our silver production poised to facilitate the development of essential technologies and infrastructure for this transition. While silver plays a crucial role in advancing the low carbon transition, we acknowledge the mining industry's contribution to climate change and continue to assess our operations to better opportunities to improve our energy efficiency and minimize our GHG emissions.

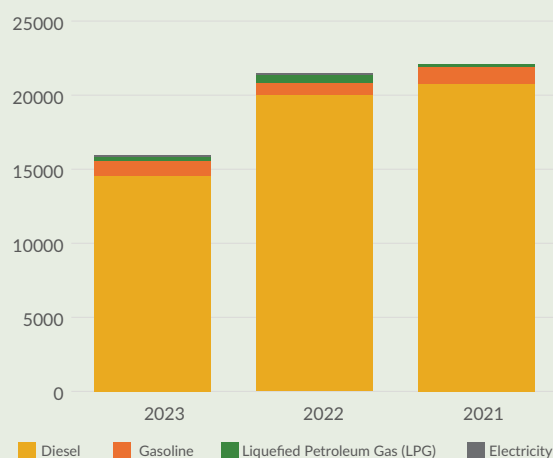
The way we generate, consume, and conserve energy directly influences the amount of GHG emissions we produce. Cordero is in a remote area which means our energy is from various fossil fuel sources, including diesel, gasoline, and liquefied petroleum gas (LPG), alongside electricity. Diesel powers our generators, drilling equipment, and heavy vehicles, while gasoline fuels our light vehicles and cutting equipment. LPG is consumed by our cooking appliances, while electricity powers our offices from the national grid and self-generated through solar panels.

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

Performance

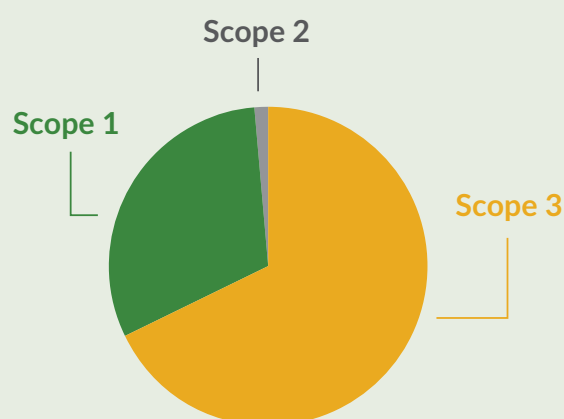
In 2023, our total Scope 1, 2 and 3 GHG emissions were approximately 1,228 tCO₂e, a 27% reduction compared to 2022. The decrease in emissions was largely due to a reduction in our operational activities during 2023.

Energy Consumption by Fuel Type (GJ)



	2023	2022	2021
Total energy use (GJ)	15,944.86	21,445.07	22,097.11⁶
Diesel	14,531.05	19,975.71	20,736.57
Gasoline	991.24	813.39	1,116.75
Liquefied Petroleum Gas (LPG)	287.70	584.84	209.75
Electricity	113.78	70.63	34.03
Solar Electricity	21.09	-	-

Greenhouse Gas Emissions (tCO₂e)



	2023	2022	2021
GHG emissions⁷ (tCO₂e)	1,228.48	1,692.77	1,733.38
Scope 1	381.74	411.37	309.60
Scope 2	13.84	2.60	4.00
Scope 3	832.90	1,278.79	1,419.78

For 2024, we are evaluating emissions management options for the next stage of Cordero, including the use of more efficient and autonomous systems, as well as additional renewable energy sources.

⁶ Data was previously restated based on updates to the 2021 energy conversion factors for diesel.

⁷ GHG emissions are calculated utilizing the ISO 14064 methodology.



WATER MANAGEMENT



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

Our Approach

Water is a vital shared resource, and as responsible water stewards it is our duty to manage it responsibly to ensure the long-term availability to regional stakeholders. The arid climate of the Chihuahua region, where the Cordero project is situated, raises significant concerns about water availability for stakeholders, including the Mexican Federal Government and the communities of Parral and Valle Zaragoza. With rising temperatures and unpredictable rainfall patterns posing challenges, effective water management has emerged as a top priority for Discovery. In the mining industry water is critical to various processes and at Discovery we are prioritizing efficient water management practices to ensure operational continuity, environmental sustainability, and community well-being. Recognizing the critical link between water stewardship and maintaining our license to operate, we are committed to promoting responsible water management practices. Discovery upholds rigorous water stewardship standards by implementing a comprehensive approach that includes optimizing usage, advocating reuse, and preserving water quality. Our water stewardship protocols go beyond our operational areas by incorporating strict requirements to minimize the impact of our exploration activities on watersheds.

We purchase non-potable and potable water for exploration drilling, camp facilities, and employee consumption. Water is used for various activities, including:

- + **Drilling holes** – Non-potable water is used to lubricate the drillbit, pumped down the drillpipe or to flush the cuttings to the surface where they can be collected and analyzed to help determine the potential mineralization of the rock formation.
- + **Drinking and cooking** – Potable water is necessary for drinking, cooking, and preparing food in the camp.
- + **Sanitation and hygiene** – Potable water is required for washing, showering, and maintaining proper hygiene in the camp.

In the Chihuahua region of Mexico, water availability is critical for sustaining agricultural activities, supporting local communities, and maintaining ecosystems in an arid environment. The allocation of water licenses poses a significant challenge in the area. Discovery currently has three water concessions from the government. We recognize the significance and scarcity of water in the region and prioritize efficient and responsible use of water to minimize our impacts on this vital shared resource.

We continuously work to identify alternate sources of water and de-risk Cordero's water supply. In 2023, we conducted a study to assess the feasibility of utilizing treated wastewater from the Parral municipality in our mine operations. This initiative was part of a transformative agreement with the Central Board of Chihuahua Water and Sanitation, aimed at diversifying our water procurement strategy and reducing reliance on traditional sources. The study's conclusion validated the feasibility of incorporating treated residual water into our operations, presenting a significant opportunity to enhance our water supply resilience. The findings have been integrated into our EIA submission to regulatory authorities. During the initial construction phase, alternative water sources will be utilized until regulatory approvals are obtained. Subsequently, treated water will



become the primary resource supporting all aspects of Cordero's operations. We estimate that all of Cordero's water needs to be supported through treated wastewater. Environmental considerations are also prioritized in the planning of infrastructure construction for this project and locations are strategically chosen along existing roadways to minimize ecological impact during construction.

In 2023, significant advancements were made in water management at Cordero. Twelve new monitoring wells were added to better understand water levels, consumption, and quality as part of a water study. An additional dedicated pumping well was established for testing purposes to assess potential water withdrawal capacities necessary for mine operations. This initiative aims to determine the quantity of water available in the aquifer without overexploiting it and to serve as a foundational step in designing and developing comprehensive water management plans. By understanding the aquifer's capacity and limitations, we can implement sustainable practices that ensure responsible water usage throughout Cordero's lifecycle, mitigating environmental impact and ensuring long-term viability. These wells also support preparation for our next Environmental Baseline Study, that is planned to be updated by the end of 2024, before mine construction.

Additionally, water level monitoring devices were installed in neighbouring properties' wells for community members to monitor continued water supply security. These initiatives are part of our commitment to responsible water usage, environmental stewardship, and supporting the local community. Water quality inspections are conducted twice a year through independent third-party chemical analysis⁸ and results are shared with neighbouring landowners to ensure that their water supply remains unaffected and offers landowners peace of mind regarding the safety of their water for consumption.

Effective stakeholder engagement around water is crucial for ensuring transparency, accountability, and sustainability in our operations. In 2023, meetings on water access were held with the government and we plan to hold additional meetings

with community members in 2024 as part of our planned Social Impact Assessment. The discussions, facilitated by a third party, with local community groups and communities, will allow us to understand their concerns, gather feedback, and develop strategies that prioritize environmental conservation and community well-being.

Following the completion of the Social Impact Assessment, we plan to develop a robust Water Stewardship Strategy. The strategy will outline our approach to preventing the uncontrolled discharge of water, water quality standards, rainfall management, management of runoff from operational processes, and the operation and maintenance of wastewater treatment systems. Additionally, detailed plans for managing and inspecting containment systems will be included, ensuring comprehensive water management throughout our operations.

Performance

In 2023, Discovery saw a decrease in water withdrawal, consumption, discharge, and use of recycled water. This was due to the reduction in our mining exploration activities and changes in drilling objectives during 2023.

	2023	2022	2021
Total water withdrawal (m³)	21,126	59,482	76,807
Groundwater	15,445	43,525	69,353
Third-party	5,681	15,957	7,454
Total water discharge (m³)	20,260	50,021	74,075
Groundwater	15,445	43,525	69,145
Third-party	4,815	6,496	4,930
Total water consumption (m³)	866	9,461	2,733
Groundwater	0	0	208
Third-party	866	9,461	2,525
Recycled water (m³)	0	191	208

8 Laboratorios ABC Química Investigación y Análisis.

Operational Water Balance

in m³ (cubic metres)

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



BIODIVERSITY AND LAND STEWARDSHIP



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

Our Approach

We recognize that biodiversity is essential for maintaining healthy and balanced ecosystems. We also understand the importance of minimizing impacts on the land in and around our operations, due to the intricate link between local livelihoods and the land. By minimizing our land use disturbance and monitoring the biodiversity where we operate, we aim to sustain thriving ecosystems. We operate in accordance with our established land use and biodiversity procedures and ensure full compliance with all legal requirements and conditions specified in our licenses and permits. We conduct rigorous risk assessments of our drilling operations to identify and minimize their impact on land and biodiversity. Once drill pad areas are no longer needed for operational purposes, we complete remediation activities, as part of our reclamation and closure planning. We exceed our legal requirements for remediation by prioritizing proactive and continual remediation throughout our exploration and development activities to minimize environmental impacts.

In June 2023, employees from several departments at the Cordero project participated in wild flora and fauna rescue training. The training focused on cacti and slow-moving species such as amphibians, reptiles, and small mammals, due to their vulnerability to vehicle and machinery traffic. Discovery is dedicated to the proper management and conservation of these species, adhering to all regulations and through this training enhancing employee understanding of local biodiversity.

Performance

In 2023, we conducted our Feasibility Study drilling program, resulting in the disturbance of 432,943 m² of surface area and an increase from the previous year. We exceed government mandates for land restoration by conducting progressive remediation activities at this early stage of our project's development, and in 2023, we remediated over 30,000 m² of surface area.

Understanding the impact of mining activities on local biodiversity is crucial for responsible resource management and species conservation efforts. We monitor biodiversity in and around our project site, covering over 34,000 hectares

of land. Throughout 2023, we worked with a third-party consultant to conduct quarterly baseline studies to analyze flora and fauna diversity in the Cordero environmental system, providing essential information for natural resource management and species conservation. The studies will establish a baseline of the surrounding area for future monitoring efforts. Key ecological parameters such as diversity index, value index of biological importance, and index of relative abundance were assessed to gauge the health and dynamics of biodiversity in the area.

	2023	2022	2021
Surface area disturbed (m ²)	432,943	314,209	59,677
Surface area remediated (m ²)	30,837	22,695	1,000
Threatened and endangered species ⁹ (#)			
Flora	11	13	9
Fauna	19	13	3

Protected species

As part of Discovery's flora and fauna relocation program, in 2023, we rescued 41 species, a decrease from the 86 species we rescued in 2022. This includes 11 occurrences of species of concern by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), and 19 occurrences of threatened species by Secretaría de Medio Ambiente y Recursos Naturales (SEMARNAT) guidelines. Our efforts to rescue these species may include relocation or in place protection due to their fragility and size.



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

Appendix

PERFORMANCE TABLE

ISSUE	INDICATOR	2023	2022	2021
Economic Contributions	Mining duties paid to government of Mexico (\$)	811,967	830,583	660,276
Board and Management Diversity	Independent directors that are women (%)	33.3	40.0	33.3
	Senior Management that identifies as ethnically diverse (%)	37.5	16.7	40.0
Health and Safety	Fatalities	0	0	0
	Recordable incidents	2	1	2
	Total recordable incident frequency (TRIF) (# of recordable incidents ÷ # of hours worked x 200,000)	3.23	0.52	1.18
	Days away, restricted or transferred (DART) rate (# of recordable cases involving days away from work, restricted work activity, or job transfer ÷ # of hours worked x 200,000)	1.61	0.52	2.37
	Motor vehicle incident rate (# of motor vehicle incidents ÷ kilometres driven x 1,000,000)	41.62	9.14	3.77
	Near miss incident (NRI) rate (# of reported near misses ÷ total hours worked in the period x 200,000)	3.23	3.66	5.91
	High potential incident (HPI) rate (# of incidents that have the potential to cause serious injuries or illnesses and/or death ÷ # of hours worked x 200,000)	0	1.57	2.37
	Orientation sessions for site workers and visitors	114	135	54
	Average hours of health, safety, and emergency training (# hours of health and safety training / total number of employees)	26.23	19.72	6.20
	Emergency drills completed	12	11	6

ISSUE	INDICATOR	2023	2022	2021
Workforce	Employee salaries and benefits (\$)	8,847,536	6,738,989	4,927,600
	Total workforce	85	153	154
	Employees	69	77	67
	Contractors	16	76	87
	Employee turnover (%)	20.4	35.0	31.7
	Local employees (% of employees)			
	Canada	100.0	100.0	100.0
	Mexico	85.7	85.1	94.8
	Employee diversity (%)			
	Women	42.2	32.5	28.4
	Men	57.8	67.5	71.6
Community Relations	Total community investment (\$)	192,822	197,358	41,393
	Local spend on goods and services (\$)	19,174,090	25,946,072	10,301,261
	Number of project agreements	43	9	12
	Community feedback	2	4	0
	Engagements	45	19	Not tracked
Environment	Reportable environmental incidents	0	0	0
	Total energy use (GJ)	15,944.86	21,445.07	22,097.11
	Diesel	14,531.05	19,975.71	20,736.57
	Gasoline	991.24	813.89	1,116.75
	LPG	287.70	584.84	209.75
	Electricity	113.78	70.63	34.03
	Solar energy	21.09	–	–
	Total GHG emissions (tCO ₂ e)	1,228.48	1,692.77	1,733.38
	Scope 1 emissions	381.74	411.37	309.60
	Scope 2 emissions	13.84	2.60	3.9
	Scope 3 emissions	832.90	1,278.79	1,419.78
	Total water withdrawal (m ³)	21,126	59,482	76,807
	Total water discharge (m ³)	20,260	50,021 m	74,075
	Total water consumption (m ³)	866	9,461	2,733
	Total water recycled (m ³)	0	191	208
	Surface area disturbed (m ³)	432,943 m ³	314,209 m ³	59,677
	Surface area remediated (m ³)	30,837 m ³	22,695 m ³	1,000
	Biodiversity			
	Threatened and endangered species identified	30	26	12

SASB INDEX

Discovery is reporting against the metrics listed within the Sustainability Accounting Standards Board for Met

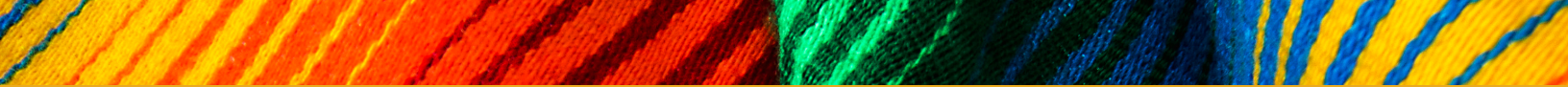
TOPIC	CODE	ACCOUNTING METRIC	RESPONSE, LINK OR ADDITIONAL INFORMATION
Greenhouse Gas Emissions	EM-MM-110a.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	381.74 tCO ₂ e
	EM-MM-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discovery is focused on establishing a baseline of its emissions and has been disclosing Scope 1, 2 and 3 emissions since 2020. Refer to Energy Use and Greenhouse Gas Emissions for further information.
Air Quality	EM-MM-120a.1	Air emissions of the following pollutants: (1) CO (2) NOx (excluding N ₂ O) (3) SOx (4) Particulate matter (PM10) (5) Mercury (Hg) (6) Lead (Pb) (7) Volatile organic compounds (VOCs)	(1) 0.00 ppmV (2) 0.00 ppmV (3) 0.00 mg/m ³ (4) 2.65 µg/m ³ (5) 0.00 mg (6) 0.23 µg/m ³ (7) 0.00 mg/m ³
Energy Management	EM-MM-130a.1	(1) Total energy consumed (2) Percentage grid electricity (3) Percentage renewable	(1) 15,944.86 GJ (2) 0.71% (3) 0.13%
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) 21,126 m ³ (2) 866 m ³
	EM-MM-140a.2	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	0

TOPIC	CODE	ACCOUNTING METRIC	RESPONSE, LINK OR ADDITIONAL INFORMATION
Waste & Hazardous Materials Management	EM-MM-150a.4	Total weight of non-mineral waste generated	0
	EM-MM-150a.5	Total weight of tailings produced	0
	EM-MM-150a.6	Total weight of waste rock generated	0
	EM-MM-150a.7	Total weight of hazardous waste generated	7.9 metric tons
	EM-MM-150a.8	Total weight of hazardous waste recycled	3.2 metric tons In 2023 the Cordero Project land was acquired, the hazardous waste from the previous owner was now the responsibility of Discovery Silver
	EM-MM-150a.9	Number of significant incidents associated with hazardous materials and waste management	0
	EM-MM150a.10	Description of waste and hazardous materials management policies and procedures for active and inactive operations	Discovery has environmental practices to ensure the proper handling of hazardous materials.
Biodiversity Impacts	EM-MM-160a.1	Description of environmental management policies and practices for active sites	Discovery has a number of environmental practices to manage our environmental impacts. Refer to the Protecting the Environment for further information.
	EM-MM-160a.2	Percentage of mine sites where acid rock drainage is: (1) Predicted to occur (2) Actively mitigated (3) Under treatment or remediation	Not applicable. The Cordero project is currently in the prefeasibility stage.
	EM-MM-160a.3	Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat	Not applicable. The Cordero project is currently in the prefeasibility stage.

TOPIC	CODE	ACCOUNTING METRIC	RESPONSE, LINK OR ADDITIONAL INFORMATION
Security, Human Rights & Rights of Indigenous Peoples	EM-MM-210a.1	Percentage of (1) proved and (2) probable reserves in or near areas of conflict	Not applicable. The Cordero project is currently in the prefeasibility stage.
	EM-MM-210a.2	Percentage of (1) proved and (2) probable reserves in or near indigenous land	Not applicable. The Cordero project is currently in the prefeasibility stage.
	EM-MM-210a.3	Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict	Discovery has a Human Rights, Diversity and Inclusion Policy which outlines our commitment to protecting and respecting human rights.
Community Relations	EM-MM-210b.1	Discussion of process to manage risks and opportunities associated with community rights and interests	<p>We have a Social Management Plan to manage interests, concerns, risks, and opportunities related to the communities in which we operate.</p> <p>For further information, refer to the Providing Long-term Socio-economic Benefits to the Communities in which we Operate.</p>
	EM-MM-210b.2	Number and duration of non-technical delays	0
Labour Relations	EM-MM-310a.1	Percentage of active workforce covered under collective bargaining agreements, broken down by U.S. and foreign employees	0
	EM-MM-310a.2	Number and duration of strikes and lockouts	0
Workforce Health & Safety	EM-MM-320a.1	(1) MSHA all-incidence rate, and (b) contract employees	(1) Our Total recordable incident frequency (TRIF) is 3.23
		(2) Fatality rate	(2) 0
		(3) Near-miss frequency rate (NMFR) ¹⁰	(3) 3.23
		(4) Average hours of health, safety, and emergency response training for workforce	(4) 26.23

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

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



Discovery**silver**

Discovery Silver Corp.

#701 - 55 University Ave
Toronto, ON
Canada, M5J 2H7

E info@discoverysilver.com

T 416-613-9410

discoverysilver.com