



**DISCOVERY SILVER CORP.**

**BOARD OF DIRECTORS**  
**FRAMEWORK AND MANDATE**

**DISCOVERY SILVER CORP.**  
**Corporate Governance Framework**

**1.**

At Discovery Silver Corp. (referred to as “Discovery Silver”, the “Company” or the “Corporation”), we believe strongly that good corporate governance is important to the Corporation’s long-term success and the protection of the interests of our many stakeholders.

The Board of Directors (the “Board”) has approved a set of corporate governance guidelines to promote the effective functioning of the Board and its Committees and to set forth a common set of expectations as to how the Board and the Corporation should manage its affairs and perform its responsibilities. Discovery Silver has also adopted a Code of Business Conduct and Ethics that is applicable to all directors, officers, senior management, and employees of the Corporation.

Corporate policies have been implemented to address Discovery Silver’s Board and Management needs in conducting its business activities in an appropriate and effective manner, and to synchronize its governance practices with regulatory requirements.

Discovery Silver has formalized several Committees that assist the Board with its overall responsibilities. These Committees include the Audit Committee, the Nominating and Corporate Governance Committee (the “NCG Committee”, the Sustainability Committee and the Compensation Committee. The Audit Committee is required by the Company’s governing statute and its regulators, whereas the NCG Committee, the Sustainability Committee and the Compensation Committee deal with certain Board and Company matters. Each Committee has a charter outlining its main responsibilities.

The Corporation’s Corporate Governance practices comply with the national instruments of the Canadian Securities Administrators regarding corporate governance practices, including National Instrument 58-101 – “Disclosure of Corporate Governance Practices”.

An overview table is provided on the following page summarizing the Board and its formal Committees, which are described in full detail, along with their related policies under separate tabs in this manual.

## DISCOVERY SILVER CORP.

### 1.1

### Board, Committee and Policy Framework

	Board of Directors	Audit	Nominating & Corporate Governance	Compensation	Sustainability
<b>Members</b>	Murray John (Chair) Tony Makuch (CEO) Jeff Parr Moira Smith Dan Vickerman Jennifer Wagner	Jeff Parr (Chair) Murray John Dan Vickerman	Jennifer Wagner (Chair) Dan Vickerman Murray John	Jennifer Wagner (Chair) Murray John Jeff Parr	Moira Smith (Chair) Jennifer Wagner Tony Makuch
<b>Independent Members</b>	Murray John (Chair) Jeff Parr Moira Smith Dan Vickerman Jennifer Wagner	Jeff Parr (Chair) Dan Vickerman Murray John	Jennifer Wagner (Chair) Dan Vickerman Murray John	Jennifer Wagner (Chair) Murray John Jeff Parr	Moira Smith (Chair) Jennifer Wagner
<b>Summary of Responsibilities</b>	Stewardship of the Corporation, supervising the management of the Corporation's business and affairs with the goal of enhancing shareholder value.	Assist Board's oversight of: the integrity of financial statements; compliance with legal and regulatory requirements; risk management policies of management; the qualifications, independence, and performance of the independent auditors; as well as the Company's internal control system.	Review Company's Corporate Governance policies and practices and recommend updates; review governance disclosure in annual proxy and information circular; monitor Board composition, performance and needs and recommend any required actions to maintain effective Board and Committee structure; recommend Committee compositions.	Make recommendations to the Board relating to the compensation of the members of the Board and members of senior management of the Company.	Assist the Board in fulfilling its oversight responsibilities for the Company's establishment of health, safety and environmental policies for its mining and exploration operations.
<b>Mandate/Charter</b>	Mandate	Charter	Charter	Charter	Charter
<b>Formal policies</b>	Code of Business Conduct & Ethics, Anti-Bribery & Anti-Corruption, Human Rights & Diversity Disclosure Confidentiality & Securities/Insider Trading Majority Voting Share Ownership	Whistleblower	Code of Business Conduct & Ethics, Anti-Bribery & Anti-Corruption, Human Rights & Diversity Disclosure Confidentiality & Securities/Insider Trading		
<b>Administered Directly</b>			Confidentiality & Securities/Insider Trading		
<b>Meetings</b>	Quarterly and as needed	Quarterly and as needed	Quarterly and as needed	Annually and as needed	Quarterly and as needed
<b>Term</b>	Annual	Annual	Annual	Annual	Annual

<b>Special Notes</b>		All members are independent	All members are independent	All members are independent	
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**DISCOVERY SILVER CORP.**  
**Mandate for the Board of Directors**

**2.**

The Board is responsible for establishing and maintaining a culture of integrity in the conduct of the affairs of the Corporation. The Board seeks to discharge this responsibility by satisfying itself as to the integrity of the Chair of the Board (the “Chair”) and also of the Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”), other officers (collectively, the “Officers”) and senior management (collectively, “Management”) and by overseeing and monitoring Management to ensure a culture of integrity is maintained.

Although members of the Board (the “Directors”) may be nominated by certain persons to bring special expertise or a point of view to Board deliberations, they are not chosen to represent a particular constituency. The best interests of the Corporation must be paramount at all times.

**DUTIES OF THE DIRECTORS**

The Board discharges its responsibilities directly and through its committees; namely, the Audit Committee, the Compensation Committee, the NCG Committee, and the Sustainability Committee (collectively, the “Board Committees”). In addition to these regular and formalized committees, the Board may appoint ad hoc committees periodically to address issues of a more short-term nature. The Board’s primary roles are overseeing corporate performance and providing quality, depth and continuity of management to meet the Corporation’s strategic objectives. In addition to the Board’s primary roles of overseeing the affairs of the Corporation, principal duties include, but are not limited to the following categories:

*Oversight of Management*

1. The Board has the responsibility for approving the appointment of the Officers, and approving the compensation of the Officers and Management of the Corporation following a review of the recommendations of the Compensation Committee.
2. The Board has delegated authority to the CEO for the overall management of the Corporation, including strategy and operations to ensure the long-term success of the Corporation and to maximize shareholder value.
3. The Board may from time to time delegate authority to the Officers, subject to specified limits. Matters which are outside the scope of the authority delegated to the Officers and material transactions are reviewed by and subject to the prior approval of the Board.
4. The Board is responsible for monitoring the performance of Management.

*Board Organization*

5. The Board retains the responsibility for managing its own affairs by giving its approval for its composition, the selection of the Chair, candidates nominated for election to the Board, Committee and Committee chair appointments, Committee charters and Officer and Management compensation.
6. The Board may delegate to Board Committees matters it is responsible for, including the approval of compensation of the Board, Officers and Management, the approval of interim financial results, the conduct of performance evaluations and oversight of internal controls systems, as well as safety

matters. However, the Board retains its oversight function and ultimate responsibility for these matters and all other delegated responsibilities.

### *Composition*

7. The Board believes that better corporate governance is promoted when a board of directors is made up of highly qualified individuals i) from diverse backgrounds who reflect the changing population demographics of the markets in which the Corporation operates, ii) of each gender, and iii) reflective of the talent available with the required expertise. When considering recommendations for nomination to the Board, the Board shall consider:
  - a) diversity criteria including gender, age, ethnicity and geographic background; and
  - b) candidates who are highly qualified based on their experience, functional expertise, and personal skills and qualities.

Notwithstanding this, the Corporation does not support the adoption of quotas to support its belief in the importance of diversity. In addition to the criteria set out above and elsewhere herein, employees and Directors of the Corporation will be recruited and promoted based upon their ability and contributions.

8. The Directors shall consist of persons who possess skills and competencies in areas that are:
  - a) necessary to enable the Board and Board committees to properly discharge their duties and responsibilities; and
  - b) relevant to the Corporation's activities.
9. At least 50% of the directors shall be individuals who are “independent” directors in accordance with applicable securities laws and stock exchange policies. Subject to the size and operations of the Corporation, the Board is committed to setting measurable objectives for the long-term goal of improving gender representation across all levels of the organization.
10. The Board does not believe it should establish term limits for directors as term limits could result in the loss of Directors who have been able to develop, over a period of time, significant insight into the Corporation and its operations and an institutional memory that benefits the Board as well as the Corporation and its stakeholders. The Board, on its initiative and on an exceptional basis, may exercise discretion to introduce maximum terms or mandatory retirement where it considers that such a limitation would benefit the Corporation and its stakeholders.
11. Subject to the limitations herein, the NCG Committee will annually (and more frequently, if appropriate) recommend candidates to the Board for election or appointment as Directors, taking into account the Board’s conclusions with respect to the appropriate size and composition of the Board and Board Committees, the competencies and skills required to enable the Board and Board Committees to properly discharge their responsibilities, and the competencies and skills of the current Board.
12. No Director should serve on the board of a regulatory body with oversight of the Corporation. Each Director should, when considering membership on another board or committee, make every effort to ensure that such membership will not impair the Director’s time and availability for his or her commitment to the Corporation as well as his or her ability to exercise their fiduciary duties as directors.

Directors should advise the chair of the NCG Committee and the CEO of the Corporation before accepting membership on other public company boards of directors or any audit committee or other significant committee assignment on any other board of directors, or establishing other significant relationships with businesses, institutions, governmental units or regulatory entities, particularly those that may result in significant time commitments or a change in the director's relationship to the Corporation.

13. Without prior approval of the NCG Committee, the CEO of the Corporation should not serve on the board of any other public company.
14. The Board approves the final choice of candidates.
15. The shareholders of the Corporation elect the Directors annually.
16. The Secretary of the Corporation (the "Secretary") shall be secretary of the Board.
17. Directors are expected to comply with the Corporation's Code of Business Conduct & Ethics.

#### *Monitoring of Financial Performance and Other Financial Reporting Matters*

18. The Board has oversight responsibility for reviewing and questioning the strategies and plans of the Corporation.
19. The Board has oversight responsibility for reviewing systems for managing the principal risks of the Corporation's business including insurance coverages, conduct of material litigation and the effectiveness of internal controls.
20. The Board is responsible for reviewing and approving annual operational budgets, capital expenditure limits and corporate objectives, and monitoring performance on each of the above.
21. The Board must approve all decisions involving unbudgeted operating expenditures in excess of \$100,000 and unbudgeted project expenditures in excess of \$200,000.
20. The Board is responsible for considering appropriate measures if the performance of the Corporation falls short of its goals or if other special circumstances warrant.
21. The Board shall be responsible for approving the interim and audited financial statements and the notes thereto and the Corporation's management discussion and analysis with respect to such financial statements.
22. The Board is responsible for reviewing and approving material transactions involving the Corporation and those matters which the Board is required to approve under its governing legislation and documents, including the payment of distributions, acquisitions and dispositions of material assets by the Corporation and material expenditures by the Corporation.
23. The Board has responsibility for effectively monitoring the principal risks of the Corporation.

#### *Policies and Procedures*

24. The Board is responsible for:

- a) approving and monitoring compliance with all significant policies and procedures within which the Corporation operates;
- b) approving policies and procedures designed to ensure that the Corporation operates at all times within applicable laws and regulations and to the highest ethical and moral standards;
- c) implementing the appropriate structures and procedures to ensure that the Board functions independently of Management;
- d) enforcing obligations of the Directors respecting confidential treatment of the Corporation's proprietary information and Board deliberations; and
- e) establishing policies and procedures whereby members of the Board will be required on an annual basis to assess their own effectiveness as directors and the effectiveness of committees of the Board and the Board as a whole.

25. The Board has approved a Disclosure Policy to address communications to the public.

#### *Reporting*

26. The Board is responsible for:

- a) overseeing the accurate reporting of the financial performance of the Corporation to its shareholders on a timely and regular basis;
- b) overseeing that the financial results are reported fairly and in accordance with international financial reporting standards ("IFRS");
- c) ensuring the integrity of the internal control and management information systems of the Corporation;
- d) taking steps to enhance timely disclosure; and
- e) ensuring the appointment of a qualified corporate secretary to attend to organizing the meetings of the Board and the committees in accordance with the by-laws and the corporate governance policies, and punctually preparing minutes which are an accurate, valid and completed documentation of such meetings and the business conducted therein.

#### *Authority*

- 27. The powers of the Board may be exercised at a meeting for which notice has been given and at which a quorum is present or, in appropriate circumstances, by resolution in writing signed by all the Directors.
- 28. The Board is authorized to retain, and to set and pay the compensation of, independent legal counsel and other advisers if it considers this appropriate.
- 29. The Board is authorized to invite Officers, Management and other employees of the Corporation and outsiders with relevant experience and expertise to attend or participate in its meetings and proceedings, if it considers this appropriate.



## **EXPECTATIONS OF THE DIRECTORS**

Expectations of the Directors include but are not limited to:

- a) maintaining a high attendance record at meetings of the Board and the committees of which they are members. Attendance by telephone or video conference may be used to facilitate a director's attendance;
- b) reviewing the materials circulated in advance of meetings of the Board and its committees and being prepared to discuss the issues presented. Directors are encouraged to contact the Chair of the Board, the CEO and any other appropriate executive officer(s) to ask questions and discuss agenda items prior to meetings;
- c) being sufficiently knowledgeable of the business of the Corporation, including its financial statements, and the risks it faces, ensuring active and effective participation in the deliberations of the Board and of each committee on which he or she serves.
- d) freely to contact the CEO at any time to discuss any aspect of the Corporation's business. Directors should use their judgement to ensure that any such contact is not disruptive to the operations of the Corporation. The Board expects that there will be frequent opportunities for Directors to meet with the CEO in meetings of the Board and committees, or in other formal or informal settings.
- e) Maintaining the confidentiality of the proceedings and deliberations of the Board and its committees. Each Director will maintain the confidentiality of information received in connection with his or her service as a director.

## **ADOPTION**

- This Mandate was adopted by the Board on December 12, 2017.
- Amended and approved by the Board on August 26, 2020.

## **DISCOVERY SILVER CORP.**

### **2.1 Accountability of Individual Directors**

The responsibilities set out below are meant to serve as a framework to guide individual Directors in their participation on the Board, with a view to enabling the Board to meet its duties and obligations. Principal responsibilities include:

- a) assuming a stewardship role and overseeing the management of the business and affairs of the Company;
- b) maintaining a clear understanding of the Company, including its strategic and financial plans and objectives, emerging trends and issues, significant strategic initiatives and capital allocations and expenditures, risks and management of those risks, internal systems, processes and controls, compliance with applicable laws and regulations, governance, audit and accounting principles and practices;
- c) preparing for each Board and Committee meeting by reviewing materials provided and requesting, where appropriate, information that will allow the Director to properly participate in the Board's deliberations, make informed business judgments; and exercise oversight;
- d) absent a compelling reason, attending every Board and Committee meeting, and actively participating in deliberations and decisions. When attendance is not possible a Director should become familiar with the matters to be covered at the meeting;
- e) voting on all decisions of the Board or its Committees, except when a conflict of interest may exist;

- f) preventing personal interests from conflicting with, or appearing to conflict with, the interests of the Company and disclosing details of such conflicting interests should they arise; and
- g) acting in the highest ethical manner and with integrity in all professional dealings.