DISCOVERY SILVER CORP.

ANNUAL INFORMATION FORM (REVISED)

For the Fiscal Year Ended December 31, 2021

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

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

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

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

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

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

PRELIMINARY NOTES

Throughout this Annual Information Form ("**AIF**"), Discovery Silver Corp. is referred to as "**Discovery**" or the "**Corporation**". All information contained in this AIF is given as of December 31, 2021, unless otherwise stated.

Currency

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

Certain Defined Terms

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

Measurements and frequently used abbreviations and acronyms

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

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

Imperial Measure	Metric Unit	Metric Unit	Imperial Measure
2.471 acres	1 hectare ("ha")	0.4047 hectares	1 acre ("ac")
3.281 feet	1 metre ("m")	0.3048 metres	1 foot ("ft.")
0.621 miles	1 kilometres ("km")	1.609 kilometres	1 mile ("mi.")

Imperial Measure	Metric Unit	Metric Unit	Imperial Measure
2.20 pounds	1 kilogram (“kg”)	0.454 kilograms	1 pound (“lb.”)
0.032 troy ounces	1 gram (“g”)	31.1 grams	1 troy ounce (“oz.”)

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

Financial Statements and Management Discussion and Analysis

This AIF should be read in conjunction with the audited consolidated financial statements of Discovery for the year ended December 31, 2021 (the “**Audited Financial Statements**”) and the accompanying management’s discussion and analysis (“**MD&A**”) for that year.

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

Standard Resource and Reserve Reporting System

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

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

Material Property Interests

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

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

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

Technical Disclosure

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

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

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

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

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

CORPORATE STRUCTURE

Name, Incorporation, and Registered Office

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

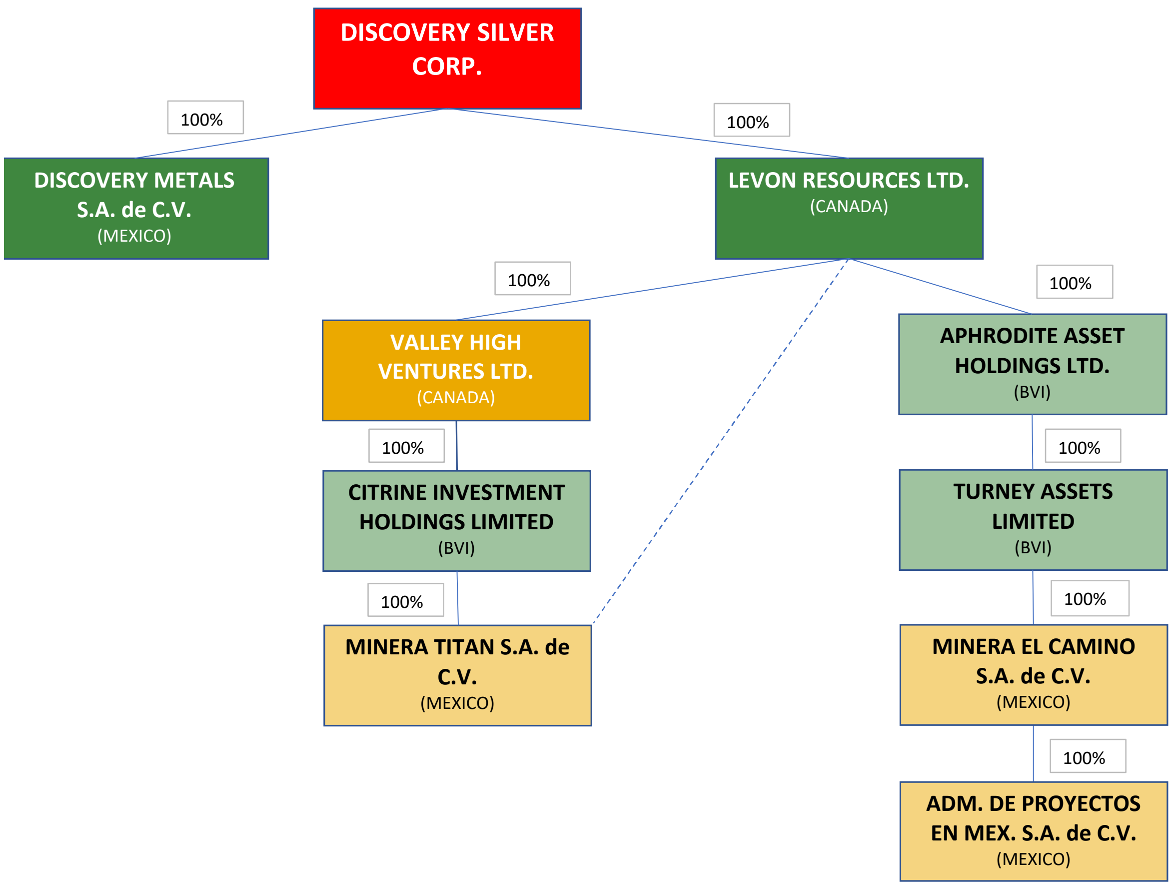
On June 13, 2017, the Corporation's name was changed to "Discovery Metals Corp.", and subsequently on April 13, 2021, to "Discovery Silver Corp.", the Corporation exists pursuant to the *Business Corporations Act* (British Columbia). See "*General Development of the Business – Three Year History – 2021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

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

The Corporation also has offices in the cities of Parral and Hermosillo, Mexico, for its projects located in these respective jurisdictions.

Intercorporate Relationships

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



GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

2019 Developments

On May 30, 2019, the Corporation entered into an arrangement agreement with Levon Resources Ltd. ("**Levon**"), then listed on the Toronto Stock Exchange, pursuant to which the Corporation would acquire all of the issued and outstanding common shares in the capital of Levon pursuant to a court-approved statutory plan of arrangement under the British Columbia *Business Corporations Act* (the "**Levon Transaction**"). As consideration for the Levon Transaction, the Corporation would issue 0.55 of a Common Share for each Levon common share (the "**Exchange Ratio**"), based on the closing price of C$0.23 per Common Share on the TSX Venture Exchange on May 29, 2019.

On July 25, 2019, the Corporation closed a non-brokered private placement raising aggregate gross proceeds of $9,004,770 through the issuance of 23,216,174 Common Shares and 15,935,000 subscription receipts at a price of $0.23 per subscription receipt (each, a

"**Subscription Receipt (July 2019)**"). Proceeds from the Subscription Receipts (July 2019) were placed in escrow pending the close of the Levon Transaction.

On August 2, 2019, the Corporation completed the Levon Transaction. Upon closing of the Levon Transaction: (i) Levon amalgamated with the Corporation's wholly-owned subsidiary 1210573 B.C. Ltd., and remains a wholly-owned subsidiary of the Corporation maintaining the name "Levon Resources Ltd."; (ii) all outstanding stock options of Levon were exchanged for options to purchase Common Shares on the basis of the Exchange Ratio, and will expire on August 2, 2020; (iii) all unexercised Levon share purchase warrants were exchanged for warrants to purchase Common Shares on the basis of the Exchange Ratio and expire in accordance with their current expiry dates; and (iv) all 15,935,000 Subscription Receipts (July 2019) converted to the equivalent number of Common Shares for no further consideration.

On November 4, 2019, the Corporation closed an over-subscribed non-brokered private placement raising aggregate gross proceeds of $19,000,000 through the issuance of 38,911,108 Common Shares at a price of C$0.45 per Common Share, and 3,311,111 subscription receipts at a price of $0.45 per subscription receipt (each, a "**Subscription Receipt (November 2019)**"). Proceeds from the Subscription Receipts (November 2019) were placed in escrow pending the approval of the Corporation's shareholders for 2176423 Ontario Ltd., a corporation controlled by Mr. Eric Sprott ("**2176423 Ontario**"), to become a new "Control Person" (as defined in the policies of the TSX Venture Exchange) of the Corporation.

On December 11, 2019, the Corporation's shareholders passed a resolution approving 2176423 Ontario's becoming a Control Person of the Corporation. All 3,311,111 Subscription Receipts (November 2019) converted to Common Shares for no further consideration, resulting in 2176423 Ontario holding approximately 21% of the Common Shares.

2020 Developments

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

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

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

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

2021 Developments

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

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

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

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

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

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

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

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

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

Recent Developments

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

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

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

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

On June 6, 2022, the Corporation announced a leadership transition with the resignation of Taj Singh as Chief Executive Officer and the appointment of Tony Makuch as Interim Chief Executive Officer.

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

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

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

Significant Acquisitions

The Corporation did not complete any significant acquisitions during the financial year ended December 31, 2021.

DESCRIPTION OF THE BUSINESS

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

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

The Corporation's objective is to identify and successfully define and develop mineral deposits, primarily in Mexico. The Corporation's material property is the Cordero Project.

The Cordero Project

The Cordero Project is one of Mexico's premier porphyry targets for silver, gold, zinc, and lead. Following the completion of a successful Preliminary Economic Assessment in November 2021, the current indicated and inferred resources, combined with the Cordero Project's seven large-scale mineral targets on more than 370 square kilometres, have established the Cordero Project as a world-class property and a district-scale discovery ready for pre-feasibility studies. The Cordero Project hosts rocks, geology, metal assemblage, and size are all analogous to some of Mexico's largest world-class, bulk-tonnage silver deposits including Peñasquito (Newmont), Camino Rojo (Orla Mining), and Pitarilla (Silver Standard). These deposits are all situated within the same emerging Chihuahua-Zacatecas silver-gold belt in northern Mexico.

Since acquiring the Cordero Project in August 2019 through the Levon Transaction, the Corporation's focus has been on understanding the nature of the higher-grade zones within the larger mineralized system with the objective of upgrading the economic potential of the Cordero Project. Based on the Corporation's review of previous work and the re-logging of core from historic drilling, higher-grade mineralization is currently understood to be predominantly associated with two styles of mineralization: (1) sulphide mineralization within a breccia host; and (2) discrete sulphide veins. During 2021, the Corporation advanced the Cordero Project through the completion of approximately 86,155m of drilling bringing the total to approximately 131,544m since its acquisition in August 2019. The majority of this drilling was used to provide an updated Mineral Resource Estimate, announced on October 20, 2021, which formed the basis of the Preliminary Economic Assessment announced on November 30, 2021. On January 13, 2022, the Cordero Project Technical Report (defined below) was filed in respect of the Cordero Project; an amended and restated version of the Cordero Project Technical Report was filed on July 29, 2022, following comments from the Ontario Securities Commission.

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

Expected Changes to the Business

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

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

Area of Interest and Limitations on the Business

In order to keep the claims in good standing at the Cordero Project, the Corporation was required to spend a minimum of approximately US$3.5 million during 2021 and actually spent approximately US$21.6 million during that year. The Corporation has met the annual work requirements on the Cordero Project.

Competitive Conditions

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

Specialized Skills and Knowledge

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

Employees

Discovery believes that its success is dependent on the performance of its management and key employees, many of whom have specialized knowledge and skills relating to the precious metals' exploration business. Discovery believes it has adequate personnel with the specialized skills required to successfully carry out its operations. As at December 31, 2021, the Corporation and its subsidiaries had 61 direct employees. Key members of the Corporation's management team and board of directors have extensive experience running foreign business operations, including operations in Mexico and other Latin American countries.

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

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

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

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

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

Daniel Vickerman, a director of the Corporation, was previously the Chairman of Levon Resources Ltd. ("Levon") prior to its acquisition by the Corporation in 2019. Levon has owned the rights to the Cordero Project in Chihuahua, Mexico since 2011 (and continues to hold those rights as a subsidiary of the Corporation), including during the tenure of Mr. Vickerman's leadership at Levon.

Murray John and Jeff Parr have been directors of the Corporation since 2017, and through the Corporation have experience with multiple mineral resource properties in Mexico. Murray John has additional significant experience in Mexico and Latin America through his current directorship roles with Prime Mining Corp. and Osisko Gold Royalties Ltd.

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

Health, Safety, and Environment

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

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

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

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

The Corporation had two lost-time incidents during the year ended December 31, 2021. There have been no lost time incidents from January 1, 2022, to the date of this AIF.

The Corporation is subject to federal, provincial, territorial, state, and local environmental laws and regulations. Management have put in place ongoing monitoring programs at the Corporation's properties and posts surety bonds, as required, in compliance with state and local closure, reclamation, and environmental obligations. The estimate for future reclamation and property closure costs (current and non-current) for the Corporation's projects at December 31, 2021, was $nil. On April 9, 2020, the Corporation sold its interest in the Bralorne claims to Talisker Resources Ltd. and therefore, at December 31, 2021, no longer has any future reclamation obligation and property closure costs. See "*General Development of the Business – Three Year History – 2020 Developments*" above for further details.

There were no environmental incidents at any of the exploration properties at which the Corporation is the operator through the twelve months ended December 31, 2021, and up to the date of this AIF.

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

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

Corporate Social Responsibility and ESG

Discovery works closely with the communities, including ejidos, in the states of Chihuahua and Coahuila in Mexico in order to engage stakeholders and build positive relationships based on transparency, trust, and shared benefits. Where possible, the Corporation hires locally for labour, earth works, geological services, water transport and piping supplies, camp services and supplies, infrastructure items such as trailers and storage sheds, vehicles, and health and safety supplies and training, and all supplies are sourced locally to the extent available. The Corporation has given presentations to the local communities, in order to explain the activities at the Cordero Project and has sponsored local events. As it relates to health and safety, the Corporation is constantly investigating ways to continue supporting employees, communities, and other stakeholders impacted by COVID-19.

In addition, during 2021, the Corporation published its inaugural ESG report (based on 2020 data) in English and Spanish outlining accomplishments to date and strategy going forward. Key highlights include:

- Over $1.7 million in goods and services purchased from local Mexican businesses;
- Over $1.3 million in salaries and benefits paid to local employees;
- Total workforce of 124 includes 58 employees and 66 contractors;
  - Employees: 89% Mexican nationals, 11% Canadian
  - Contractors: 98% Mexican nationals, 2% Canadian
- Total GHG emissions of 167 tonnes of CO_2 equivalent;
- Total water withdrawal of 36,017 m^3 and total water discharged of 36,007 m^3; and
- Zero fatalities and only 5 first-aid incidents

On July 21, 2022, the Corporation published its second ESG report, based on 2021 data. The 2020 and 2021 ESG reports are available on the Corporation's website at https://discoverysilver.com/sustainability/esg-management/. To the best of management's knowledge, the Corporation's activities in 2021 were, and continue to be, in compliance in all material respects with such environmental regulations applicable to its exploration activities. The Corporation has implemented various policies, including an environmental policy, a corporate social responsibility policy, and an occupational health and safety policy in which it accepts its corporate responsibility to practice environmental stewardship, community engagement and development, and provide a safe and healthy workplace for the Corporation's employees.

Foreign Operations

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

Business Cycles

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

RISK FACTORS

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

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

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

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

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

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

Pandemic of Novel Coronavirus COVID-19

In December 2019, a novel strain of the coronavirus emerged in China and the virus has now spread to several other countries, including Canada, the U.S., and Mexico. On March 11, 2020, the World Health Organization ("**WHO**") assessed COVID-19 as a pandemic. This assessment by the WHO was not unexpected given the virus had been circulating in various parts of the world. Infections have been reported globally resulting in over 275,000 confirmed deaths and more than 4 million confirmed cases of COVID-19 leading up to the date of this AIF.

The effect of COVID-19 and the actions recommended to combat COVID-19 are changing rapidly. The extent to which COVID-19 will continue to impact the Corporation's business, including its operations and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity, and scope of the outbreak and the actions taken to contain or treat the COVID-19 outbreak. In particular, the continued spread of COVID-19 globally could materially and adversely impact the Corporation's business including without limitation, employee health, workforce productivity, obligations regarding flow-through shares, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, restrictions to its drill program and/or the timing to process drill and other metallurgical testing, and other factors that will depend on future developments beyond the Corporation's control, which may have a material and adverse effect on the Corporation's business, financial condition, and results of operations.

There can be no assurance that the Corporation's personnel will not be impacted by COVID-19 or other coronaviruses. The Corporation may ultimately see its workforce productivity reduced and may incur increased medical costs and insurance premiums as a result of these health risks.

The Corporation is continually assessing the ongoing impact that COVID-19 has on its operations, including its exploration activities. Overall, the key risks related to exploration activities currently relate to (a) availability of drilling and assay services; (b) the procurement of goods and potential supply chain issues; and (c) impact to both site-based personnel and head office personnel. On March 31, 2020, the Corporation announced that it had temporarily suspended its operations in Mexico as a result of a Mexican government decree declaring all non-essential services to be stopped. In addition, drilling services contractors and certain assay labs have also temporarily suspended activities, thereby impacting the pace of exploration activities. On May 13, 2020, the Mexican government published a decree announcing that mining and several other sectors were to be considered essential services and could begin operations as early as June 1, 2020. Commencement of operations is subject to the Mexican government's approval of a company's application to resume operations and the applicant must demonstrate that strict health and safety protocols are in place and will be adhered to. The Corporation applied for and was granted permission to restart operations and resumed exploration activities on June 19, 2020. The Corporation is continuously assessing health and safety protocols at site to ensure the safety of its employees, consultants, contractors, and communities. The Corporation is committed to remaining engaged with local stakeholders during this uncertain period. Despite the approval of COVID-19 vaccines, the availability and vaccination schedules for different demographics in both Canada and Mexico are continuously being updated. As such, the Corporation will continue to closely monitor the directives of all levels of government in both Mexico and Canada as well as the relevant health authorities.

In addition, the actual and threatened spread of COVID-19 and its new variants globally could continue to negatively impact global economies and financial markets, resulting in an economic downturn, affecting the trading price of the Corporation's Common Shares, and also adversely impact the Corporation's ability to raise capital. Any of these developments, and others, could have a material adverse effect on demand for precious and base metals and the Corporation's business.

Exploration, Development, and Operating Risks, and Risks Associated with the Early-Stage Status of the Corporation's Mineral Properties and the Nature of Exploration; the Corporation Has No Known Reserves and No Economic Reserves May Exist on the Corporation's Properties, Which Could Have a Negative Effect on the Corporation's Operations and Valuation

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

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

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

It is impossible to ensure that the exploration or development programs planned by the Corporation will result in a profitable commercial mining operation. Whether a silver or other precious or base metal or mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as quantity and quality of mineralization and proximity to infrastructure; mineral prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection. Other factors include: the ability to hire and retain qualified people, the ability to obtain suitable machinery, equipment or labour, and the ability to obtain necessary services in jurisdictions in which the Corporation operates. Unfavourable changes to these and other factors have the potential to negatively affect the Corporation's operations and business.

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

Although there are initial mineral resource estimates defined for targets at the Cordero Project, it is uncertain if further exploration will result in additional targets at the Cordero Project, or others in the Corporation's portfolio being delineated as a mineral resource. Any reference to potential quantities and/or grade is conceptual in nature, as there has been insufficient exploration at these other projects to define any mineral resource and it is uncertain if further exploration will result in the determination of any mineral resource. The term "Reserve(s)" is not applicable to any of the Corporation's mineral property interests. Quantities and/or grade described in this AIF for targets other than at the Cordero Project should not be interpreted as assurances of a potential resource or reserve, or of potential future mine life or of the profitability of future operations.

As to the deposits at the Cordero Project, or other properties on which the Corporation may release a resource estimate, the Corporation notes that mineral resources that are not mineral reserves do not have demonstrated economic viability. Mineral resource estimates may or may not account for mine-ability, selectivity, mining loss, and dilution. These mineral resource estimates include inferred mineral resources that are normally considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. It is reasonably expected that the majority of inferred mineral resources could be upgraded to indicated mineral resources with continued exploration; however, there is no certainty that these inferred mineral resources will be converted into mineral reserves, once economic considerations are applied.

In general, mining operations involve a high degree of risk. The Corporation's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of silver, precious metals and other minerals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding, and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage, and possible legal liability.

Risk Related to the Cyclical Nature of the Mining Business

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

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

Permitting and License Risks

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

In Mexico, as with many jurisdictions, there are various federal, state, and local laws governing land, power, and water use, the protection of the environment, development, occupational health and safety, waste disposal, and appropriate handling of toxic substances. Such operations and exploration activities are also subject to substantial regulation under these laws by governmental agencies and require the Corporation to obtain permits from various governmental agencies.

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

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

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

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

Due to COVID-19, government offices are working on reduced schedules that could result in delays in processing applications and issuing any licenses and permits. The Corporation currently has all necessary drill permits to complete planned work in 2022, however any future applications could be adversely impacted by COVID-19 or its variants.

The Corporation's Securities are Subject to Market Price Volatility

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

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

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

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

Current Economic Conditions

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

In addition, the current outbreak of COVID-19 and its variants could have an adverse impact on global economic conditions, which may adversely impact the market price of the Common Shares, the Corporation's operations, its ability to raise debt or equity financing for the purposes of mineral exploration and development, and the operations of the Corporation's suppliers, contractors, and service providers.

Government Regulation

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

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

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

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

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

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

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

Foreign Operations Risk

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

Discovery may also acquire or invest in additional properties located in less stable jurisdictions in the future and, as such, its operations are and may increasingly be exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties vary from country to country and include, but are not limited to: terrorism; hostage taking; repression; fluctuations in currency exchange rates; government imposed currency controls; high rates of inflation; labour unrest; the risks of war or civil unrest, whether within the geographic borders or in neighbouring countries; expropriation and nationalization; renegotiation or nullification of existing concessions, licenses, permits and contracts; illegal mining; changes in taxation policies; and changing political conditions, norms and governmental regulations, including those having to do with environmental requirements.

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

On December 1, 2018, a new government took office in Mexico. Management of the Corporation is closely monitoring the potential impacts the change in government is having on the mining industry, foreign investment, and the general economy in Mexico as each relates to the Corporation.

As a result of COVID-19, the global political environment is a continually changing landscape as countries implement measures to contain the spread of the virus. This has resulted in border closures and temporary suspension of non-essential services, among other measures. Should there be a continued increase in the number of identified cases and deaths, border closures and suspension of activities could be extended thereby having a material adverse impact on the Corporation's operations.

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

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

Risks arising from Operations in Mexico

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

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

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

The administration of Mr. López Obrador has taken actions that have significantly undermined investors' confidence in private ventures following the results of public referendums, such as the cancellation of public and private projects authorized by previous administrations. Investors and credit rating agencies may be cautious about the president's political party administration's policies, which could contribute to a decrease in the Mexican economy's resilience in the event of a global economic downturn. Similar measures could be taken in the future, which could have a negative effect on Mexico's economy.

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

Commodity Price Risks

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

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

Reputational Risk

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

Additional Capital and Potential Dilution to Common Shares

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

As at the date of this AIF, there are 348,616,580 Common Shares issued and outstanding. The increase in the number of Common Shares issued and outstanding through further issuances (including those arising from the exercise of dilutive securities) may have a depressive effect on the price of the Common Shares and will dilute the voting power of the Corporation's existing shareholders.

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

In addition, the Corporation has issued potentially dilutive securities in the form of incentive stock options to purchase Common Shares (the "**Options**") pursuant to Discovery's Stock Option Plan (2021). The Corporation has other long-term incentive plans approved by shareholders on June 25, 2021, and for which no dilutive securities have been issued to the date of this AIF: Restricted Share Units ("**RSUs**") and Deferred Share Units ("**DSUs**"). See "*Prior Sales – Non-Trading Securities – Options*" in this AIF for information on numbers Options exercisable.

The Corporation has also issued potentially dilutive securities in the form of Common Share purchase warrants (each, a "**Warrant**"):

- Pursuant to a non-brokered private placement of the Corporation's securities that closed on August 17, 2017, the Corporation issued 32,908,960 Warrants. Following a six-month extension on July 8, 2019, 1,768,960 of these Warrants expired unexercised on February 17, 2021.

- Pursuant to the closing of the Levon Transaction, on August 2, 2019, the Corporation issued 1,414,168 Warrants as replacement warrants to holders of share purchase warrants of Levon. All 1,414,168 of these replacement Warrants expired unexercised on February 13, 2020.

- Pursuant to a non-brokered private placement of the Corporation's securities that closed on November 4, 2019, the Corporation issued 1,063,833 Warrants as finders' fee compensation ("Finder Warrants") to certain finders who introduced subscribers to the private placement. Each Finder Warrant entitled the holder to acquire one Common Share at a price of C$0.50 per Common Share at any time prior to November 4, 2021. 16,500 of these Finder Warrants expired unexercised on November 4, 2021.

- Pursuant to a non-brokered private placement of the Corporation's securities that closed on May 29, 2020, and June 8, 2020, the Corporation issued (i) an aggregate 22,727,267 Warrants, each of which entitled the holder to purchase a Common Share for C$0.77 for two years after the date of issuance; and (ii) 804,545 Finder Warrants as compensation to certain finders who introduced subscribers to the private placement. Each Finder Warrant entitled the holder to acquire one Common Share at a price of C$0.55 per Common Share at any time prior to May 29, 2022, or June 8, 2022. All of these Warrants and Finder Warrants were exercised prior to their expiry.

- Pursuant to a non-brokered private placement of the Corporation's securities that closed on August 7, 2020, the Corporation issued an aggregate 12,963,500 Warrants, each of which entitle the holder to purchase a Common Share for C$1.75 for two years after the date of issuance.

Details relating to exercise periods and prices are disclosed in the Audited Financial Statements.

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

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

Subsidiaries

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

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

Risks Associated with a Lack of Funding to Satisfy Contractual Obligations

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

Credit and Liquidity Risk

Credit risk arises from cash and cash equivalents held with banks and financial institutions, as well as amounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. Liquidity risk arises through the excess of financial obligations due over available financial assets at any point in time. The Corporation's objective in managing liquidity risk will be to maintain sufficient readily available cash reserves and credit in order to meet its liquidity requirements at any point in time. The total cost and planned timing of acquisitions and/or other development or construction projects is not currently determinable, and it is not currently known precisely when the Corporation will require external financing in future periods.

Discovery has no debt, and at the date of this AIF, has approximately C$61.2 million in cash and short-term deposits, primarily held with large Canadian commercial banks. The existing financial resources of the Corporation are sufficient to complete the Phase 1 Drilling program at the Cordero Project in addition to exploration work on its other properties, however they are not sufficient to bring any of its projects into commercial production. The Corporation will need to obtain additional financing from external sources in order to fund the development of its properties and/or to engage in other strategic business opportunities. There is no assurance that the Corporation will be able to obtain such financing on favourable terms, or at all.

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

History of Net Losses and Negative Operating Cash Flow

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

Reliance on a Limited Number of Properties

Although the Corporation continues to hold other properties, the Material Property of the Corporation is its 100% interest in the Cordero Project. As a result, unless (i) the Corporation acquires additional property interests, or (ii) another project, any adverse developments affecting any one of these properties could have a material adverse effect upon the Corporation and would materially and adversely affect the potential mineral resource production, profitability, financial performance and results of operations of the Corporation. While the Corporation may seek to acquire additional mineral properties that are consistent with its business objectives, or may at a future date designate any or all of its other interests in mineral properties as a Material Property, there can be no assurance that the Corporation will be able to identify suitable additional mineral properties or, if it does identify suitable properties, that it will have sufficient financial resources to acquire such properties or that such properties will be available on terms acceptable to the Corporation or at all.

Land Title

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

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

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

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

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

Insurance and Uninsured Risks

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

Although the Corporation maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance will not cover all the potential risks associated with a mining company's operations. The Corporation does not carry political risk insurance. The Corporation may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Corporation or to other companies in the mining industry on acceptable terms. The Corporation might also become subject to liability for pollution or other hazards which it may not be insured against or which the Corporation may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Corporation to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Cybersecurity Risks

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

Water Sources

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

Infrastructure

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

Costs of Land Reclamation

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

Limited Operating History

As the Corporation is only in its fifth year of relevant operation as of the date of this AIF, it has limited history of operations and no earnings. As such, the Corporation is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources, and lack of revenues. There is no assurance that the Corporation will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

Health and Safety

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

The Corporation's business could be adversely impacted by the effects of the recent COVID-19 outbreak, its variants, or other epidemics. The extent to which COVID-19 impacts the Corporation's business, including its operations and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken by each country's respective government to contain or treat the coronavirus outbreak. In particular, the continued spread of the coronavirus globally could materially and adversely impact the Corporation's operating activities including but not limited to: employee health, workforce productivity, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, restrictions to its drill program and/or the timing to process drill and other metallurgical testing, and other factors that will depend on future developments beyond the Corporation's control, which may have a material and adverse effect on the its business, financial condition, and results of operations.

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

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

Environmental Risks and Hazards

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

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

Community Relations and Social Risks

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

Climate Change

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

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

Competitive Conditions

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

The ability of the Corporation to acquire additional properties depends on, among other things, its available working capital, its ability to explore and develop its existing properties, its ability to attract and retain highly skilled employees, and on its ability to select, acquire and bring to production suitable properties or prospects for mineral exploration and development. Factors beyond the control of the Corporation may affect the marketability of minerals mined or discovered by the Corporation. Mineral prices have historically been subject to fluctuations and are affected by numerous factors beyond the control of the Corporation.

Specialized Skill and Knowledge

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

Acquisitions and Integration

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

Future Sales of Common Shares by Existing Shareholders

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

Major Shareholder with Greater than 10% Holding

As at the date of this AIF, 2176423 Ontario, a company owned by Eric Sprott, owns in excess of 10% of the Common Shares, directly holding approximately 25.7% of the issued and outstanding Common Shares on an undiluted basis. 2176423 Ontario is the Corporation’s largest shareholder. As a result, 2176423 Ontario may have the ability to influence the outcome of matters submitted to the Discovery shareholders for approval, which could include the election and removal of directors, amendments to Discovery’s corporate governance documents, and business combinations. Discovery’s interests and those of 2176423 Ontario may at times conflict, and this conflict might be resolved against Discovery’s interests. The concentration of approximately 25.7% of Discovery’s issued and outstanding shares in the hands of one shareholder may discourage an unsolicited bid for the Common Shares, and this may adversely impact the value and trading price of the Common Shares. 2176423 Ontario’s participation in, or failure to participate in any issuance of additional securities of Discovery may have a material impact on the value and trading price of the Common Shares.

Influence of Third-Party Stakeholders

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

Risk of Litigation

Discovery may become involved in disputes with third parties in the future that may result in litigation. The results of litigation cannot be predicted with certainty and defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. If Discovery is unable to resolve these disputes favourably or if the cost of the resolution is substantial, such events may materially and adversely affect its business and financial conditions.

Conflicts of Interest

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

Key Executives

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

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

Internal Controls

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation. Although Discovery has a limited history of operations, the Corporation has undertaken to put into place a system of internal controls appropriate for its size, and reflective of its level of operations.

Currency Rate Risks

The Corporation's functional currency is the Canadian dollar. At the date of this AIF, cash balances were held primarily in Canadian dollars. Foreign currency risk is the risk that the value of the Corporation's financial instruments denominated in foreign currencies will fluctuate due to changes in foreign exchange rates. Changes in the exchange rate between foreign currencies and the Canadian Dollar could have a significant impact on the Corporation's financial position, results of operations, and cash flows. The Corporation does not use derivative instruments to reduce its exposure to foreign currency risk.

The Corporation is mainly exposed to foreign currency risk on financial instruments (consisting of trade payables) denominated in US Dollars and Mexican Pesos.

There have been significant fluctuations in currency valuations during the period subsequent to December 31, 2021, as a result of the COVID-19 pandemic. There is no certainty that currency valuations will return to pre-pandemic levels and as such could have a material adverse impact on the Corporation's operations.

Canada's *Extractive Sector Transparency Measures Act*

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

Dividend Policy

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

CORDERO PROJECT

As of the date of this AIF, the most recent NI 43-101 technical report on the Cordero Project is the "*Preliminary Economic Assessment of the Cordero Silver Project, Chihuahua State, Mexico*", effective November 30, 2021, originally dated January 13, 2022, and amended and restated July 27, 2022, addressed to the Corporation and authored by Independent Qualified Persons Tommaso Roberto Raponi and Scott Elfen (Ausenco Engineering Canada Inc.), R. Mohan Srivastava (Red Dot3D Inc.), Nadia M. Caira (World Metals Inc.), Gordon Zurowski (AGP Mining Consultants), James Cremeens and Keith Viles (Knight Piésold and Co.), and Scott Weston and Davood Hasanloo (Hemmera Envirochem Inc.), prepared in accordance with NI 43-101 (the "**Cordero Project Technical Report**"). The Cordero Project Technical Report was filed with Canadian securities regulatory authorities on the Corporation's issuer profile on SEDAR at www.sedar.com.

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

Executive Summary

Introduction

Discovery commissioned Ausenco Engineering Canada Inc. ("**Ausenco**") to compile a preliminary economic assessment ("**PEA**") of the Cordero Project. The PEA was prepared in accordance with the Canadian disclosure requirements of NI 43-101 and in accordance with the requirements of Form 43-101 F1.

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

- Ausenco managed and coordinated the work related to the report, supported Libertas Metallurgy Ltd. with the metallurgical test program, and developed PEA-level design and cost estimate for the process plant, general site infrastructure, and economic analysis.
- AGP Mining Consultants Inc. designed the mine pit, mine production schedule, and mine capital and operating costs.
- Knight Piésold and Co. (USA) completed geotechnical studies and developed the PEA-level design and cost estimate of the tailings storage facility.
- World Metals Inc. completed the work related to property description, accessibility, local resources, geological setting, deposit type, exploration work, drilling, exploration works, sample preparation and analysis, and data verification.

- RedDot3D Inc. developed the mineral resource estimate for the project.
- Hemmera Envirochem Inc. conducted a review of the environmental studies completed by CIMA and conducted site wide water management.

Discovery consolidated the metallurgical testwork performed by Levon, and in 2021 commissioned a new round of metallurgical studies to investigate how the sulphide and oxide mineralization at Cordero is amenable to different process flowsheets (i.e., flotation for the sulphides and heap leaching for the oxides).

Discovery also formulated its own strategy for developing a mine at Cordero, one that envisions a phased approach. The first phase would focus on high-grade zones, followed by a second phase that expands into adjacent zones where the grades are generally lower but still moderate to high. A PEA of this strategy was started in the summer of 2021 based on the results of the new metallurgical studies.

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

<u>Property Description, Location and Ownership</u>

Cordero is a silver deposit owned by Discovery in northern Mexico, in the south of the state of Chihuahua, approximately 600 km from the border with the United States (Figure 1-1). The project is accessed by vehicle 30 km southwest from Chihuahua City along State Highway 16 to the Parral turn-off to State Highway 24, then 150 km south on Highway 24 where an access road heads east for 10 km to the project site for total road travel of 190 km.

The deposit lies in a region that has a long history of silver mining dating back to the 1600s. In the hills where the Cordero deposit lies, there are several small mines with rich silver veins that reach the surface. In the past two decades, the possibility of a large bulk mining target at depth at Cordero was explored and tested through drilling carried out by Levon. Since 2019, when Discovery acquired the project in a merger with Levon, drilling has continued, with a focus on high-grade zones at depth, well below the reach of the small-scale historical mines, but within reach for a modern industrial open pit operation.

Figure 0-1: Location of the Cordero Project in Southern Chihuahua State, Mexico

Source: RedDot3D, 2021.

<u>Geology and Mineralization</u>

Regionally, Cordero lies in an area where the sedimentary rocks of the Eastern Basin and Range geological province of Mexico meet the volcanic rocks of the Sierra Madre Occidental province. Locally, the rocks on the Cordero property are a mixture of sedimentary rocks and igneous rocks. There are three major belts of intrusions that cut across the property, all running southwest to northeast, parallel to the largest faults in the area.

The area that has been the focus of drilling in the past decade, and where the current resources lie, is a felsic domal feature that makes the distinctive hill in the central band of intrusions. This felsic intrusive complex straddles the Cordero Fault and lies between two normal faults that stair-step the sedimentary and intrusive host rock units down to the southwest. To the northeast of the felsic domal feature, across the Mega Fault, lies La Ceniza, where a rhyodacite intrusion with skarn mineralization has been the focus of historical small-scale mining. To the southwest lies Pozo de Plata, a breccia complex where gold grades are higher. All of the intrusions are associated with breccias that often host strong mineralization.

The precious and base metal mineralization is strongly associated with sulphide minerals such as pyrite, galena, sphalerite, and chalcopyrite. Weathering has created a near-surface oxide layer, up to 40 m thick in places, where sulphide minerals are generally absent and where the precious metals, silver and gold, have higher grades.

Cordero has characteristics of several different deposit types. Much of it is similar to an extensional (E-type) intermediate sulphidation epithermal system on the shoulder of a buried porphyry molybdenum deposit that formed in a subduction related rift setting. Parts of Cordero resemble the carbonate-hosted Pb-Zn (Ag, Cu, Au) deposits further north in Chihuahua State. In the northeast of the resource modelling area, Cordero is dominated by skarn replacement styles which occur in carbonate-hosted Pb-Zn (Ag, Cu, Au) deposit types in which grades were enhanced immediately adjacent to the underlying La Ceniza Intrusive Complex as well as in the adjoining intrusive complex to the southwest.

Exploration

Exploration for a deep bulk mining target at Cordero began with the work of Valley High Ventures Ltd. Valley High carried out mapping and rock sampling at the surface, as well as gridded soil sampling, trenching, inspection of accessible underground workings, and relogging of existing drill core from the previous owner, Industrias Peñoles.

In 2009, Levon continued surface reconnaissance, began drilling, and commissioned several air and ground-based geophysical surveys (e.g., gravity, induced polarization, magnetic, electro-magnetic, magnetotelluric, and radiometric surveys). Most of Levon's exploration work focused on the central belt, which hosts the principal target of the current resource estimate, the Cordero intrusive complex. During their decade of ownership, Levon drilled 292 diamond drill holes with a combined total length of 133,620 m.

Since it acquired the project in 2019, Discovery has extended surface reconnaissance to cover other exploration targets identified by geophysics along the same central trend of intrusions that have hydrothermally altered rocks adjacent to them. This has included Molino do Viento and Dos Mil Diez to the southwest of the main Cordero target, and Sansón to the northeast. By July 2021, Discovery had drilled an additional 225 diamond drill holes with a combined length of 97,522 m. Surface reconnaissance and exploration continue ahead of drill targeting.

Sample Preparation, Analysis and Security

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

All samples for the drill programs by Levon and Discovery were prepared using the same ALS Method, Prep Core Prep-31 by crushing to 85% to minus 10 mesh then a split was pulverized to 95% minus 150 mesh (Levon) or 85% passing through 75 µm (Discovery). From 2009 to 2012 and 2017 assays for Levon were performed by ALS Geochemistry (Vancouver). In 2013 and 2014 assays were performed by Activation Laboratories Ltd. (Activation) in Mexico. In 2019, 2020, and 2021 Discovery used the ALS prep laboratory in Chihuahua, Mexico and ALS (Vancouver, Canada) for assaying. All of the laboratories named above are independent of Discovery and accredited with the Standards Council of Canada to the ISO/IEC 17025 standard.

Levon submitted all pulverized splits for multi-element aqua-regia digestion with inductively coupled argon plasma (ICP) mass spectrometry (MS) detection (ALS Method Code ME-ICP41) with overlimit results re-analyzed using ICP-atomic emission spectroscopy (AES) and a 4-acid digest. Discovery submitted all pulverized splits for multi-element aqua-regia (ALS Method Code ME-ICP61) with overlimit results reanalyzed using ICP-AES and a 4-acid digest. Gold analyses were conducted on a 30-gram sub-sample for fire assay with an AA-finish (Levon) and on a 50-gram sub-sample for fire assay (Discovery). For the 2019 to 2021 drilling, Discovery analyzed sample over-limits > 10 g/t Au and > 1500 g/t Ag using fire assay on a 50-gram subsample (for gold) and 30-gram subsample (for silver) with a gravimetric finish. In addition, samples that assayed >100 g/t Ag the detection limit for ICP-MS, between 100 to 500 g/t Ag and >1.0% Zn and/or > 1.0% Pb were reassayed using the ALS Method Code ME-OG62.

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

Data Verification

Discovery has developed an extensive dataset that is saved and managed using GeoInfo Solutions management software. World Metals reviewed the data compilation and audited the GeoInfo Tools database. World Metals conducted verification of the Cordero databases for precious and base metals by comparison of the database entries with assay certificates as well as by reviewing physical drill core for evidence of base metal mineralization. The database was also checked for incorrect entries, interval lengths, blank or zero-value assay results, out-of-sequence or missing intervals and value-fields. The QP believes the database provided by Cordero is reliable and is adequate to support the mineral resource estimate.

Metallurgical Testwork and Mineral Processing

Metallurgical testwork programs were conducted on 12 rock type and pit phase composites to develop the Cordero flowsheet. Three pit phases (P23, P29 and P34) were considered with four rock types (volcanic, breccia, sedimentary and oxide) selected per pit phase. P23 was representative of the first phase of mining with samples sourced from the Pozo de Plata zone. P29 was representative of the next phase of mining with samples mostly sourced from the northeast extension zone. P34 was representative of the final phase of mining with samples mostly sourced from the south corridor.

The 2021 testwork program focused on the following tests:

- mineralogical (QEMSCAN) analysis
- comminution testwork including Bond ball work index tests, SAG mill comminution testwork, and abrasion index tests
- pre-concentration testwork including dense media separation tests and X-ray transmission sensor sorting testwork
- preliminary leaching tests on oxide samples including column leach tests.
- flotation optimization tests including rougher recovery tests, tests on the optimal primary grind size, depressant dosage sensitivity tests, cleaner optimization tests, locked cycle tests, concentrate quality tests, and low-grade flotation tests.

The QEMSCAN analysis of 12 lithology composites indicates that the sulphide mineralogy is relatively coarse and liberates well, with little in the way of galena-sphalerite association or locking, and that the gangue mineralization is relatively straightforward and benign. Conventional, sequential lead-zinc flotation has repeatedly been shown to be a successful and robust choice for processing Cordero sulphide mineralized materials. Relatively low head grade material is able to be upgraded considerably at relatively coarse primary grinds (P_{80} = ~200 µm) with moderate reagent dosages. The choice of coarse primary grind with regrinding of the lead and zinc rougher concentrates is favourable due to the relatively hard characteristics of the mineralized material (Bond ball work index of 18 to 20 kWh/t).

At head grades close to the resource average (25-40 g/t Ag, 0.4-0.6% Pb and 0.5-0.8% Zn), the optimized flotation flowsheet produces remarkably clean lead and zinc flotation concentrates at impressive recoveries given the relatively low head grades. Locked cycle testing produced lead-silver concentrates grading >3,000 g/t Ag, 50-56% Pb and <5% Zn at silver and lead recoveries of 70-79% and 83-91%, respectively, and zinc concentrates graded 46-55% Zn at zinc recoveries ranging from 81-90%. Total silver recovery (lead and zinc concentrates combined) from locked cycle testing was 89%, 84%, 83% and 80% for the breccia-volcanic, breccia-sedimentary, volcanic, and sedimentary lithologies, respectively.

Testwork has shown that both the sulphides and oxide/transition zones of mineralization can be successfully processed to produce high-value lead-silver and zinc flotation concentrates (for the sulphides) and silver doré from oxide/transition material. Although silver recoveries for the oxide/transition material are higher through grinding and the use of a tank leach, it is likely that heap leaching will be the more favourable option due to lower capital and operating costs and the ability to decouple sulphide and oxide mineralized material production and process the different mineralized material types in parallel without constructing two full processing plants.

Mineral Resource Estimate

The new resource estimate for Cordero incorporates geological and structural domains based on lithological and structural controls that are better understood through recent drilling.

Ordinary kriging was used to interpolate silver, lead, zinc and gold grades into blocks and sub-blocks, using variogram models based on pairwise relative experimental variograms for the analysis of spatial continuity.

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

The mineral resource is split into sulphide and oxide portions. Since silver, lead, zinc, and gold all contribute to revenue, a net smelter return (NSR) is calculated as the net revenue from metal sales (taking into account metallurgical recoveries and payabilities) minus treatment costs and refining charges. Different NSR cut-offs are used for the sulphide and oxide mineralization since different processing options, with different costs, are appropriate for each type of mineralization.

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

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

Table 0-1: Sulphide Mineral Resources for the Cordero Project, with an Effective Date of October 20, 2021, above an NSR Cut-off of $7.25/t and within a Reporting Pit Shell

Class	**Tonnage (Mt)**	**Grade**					**Contained Metal**				
		Ag (g/t)	**Au (g/t)**	**Pb (%)**	**Zn (%)**	**AgEq (g/t)**	**Ag (Moz)**	**Au (koz)**	**Pb (Mlb)**	**Zn (Mlb)**	**AgEq (Moz)**
Measured	128	22	0.08	0.31	0.52	52	89	328	881	1,470	212
Indicated	413	19	0.05	0.28	0.51	47	255	707	2,543	4,663	625
Meas. & Ind.	541	20	0.06	0.29	0.51	48	344	1,035	3,424	6,132	837
Inferred	108	14	0.03	0.19	0.38	34	49	99	451	909	119

Notes: 1. AgEq for sulphide mineral resources is calculated as Ag + (Au x 16.07) + (Pb x 32.55) + (Zn x 35.10); these factors are based on commodity prices of Ag – $24.00/oz, Au – $1,800/oz, Pb – $1.10/lb, Zn – $1.20/lb and assumed recoveries of Ag – 84%, Au – 18%, Pb – 87% and Zn – 88%. 2. Discovery is not aware of any environmental, permitting, legal, title, taxation, socio-economic, marketing, or political factors that might materially affect the development of these mineral resource estimates. 3. The tabulated numbers have been rounded to reflect the level of precision appropriate for the estimates, and may appear to sum incorrectly due to rounding. Source: RedDot3D Inc., 2021.

Oxide/transition mineralization lies above the oxide/transition boundary, where the material is weathered (oxide) or partially weathered (transition). The depth of the oxide/transition zone varies across the deposit from approximately 20 m in the Pozo de Plata zone to depths of up to 100 m in certain areas in the South Corridor and in the far northeast of the deposit. The $4.78/t NSR reporting cut-off used for oxide/transition mineralization is based on the estimated processing and G&A costs for heap leaching this material. Since heap leaching will not recover lead and zinc, these are not reported for the oxide/transition mineral resources.

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

Table 0-2: Oxide Mineral Resources for the Cordero Project, with an Effective Date of October 20, 2021, above an NSR Cut-off of $4.78/t and within a Reporting Pit Shell.

Class	Tonnage (Mt)	Grade			Contained Metal			
		Ag (g/t)	Au (g/t)	AgEq (g/t)	Ag (Moz)	Au (koz)	AgEq (Moz)	% Oxide / % Transition
Measured	23	20	0.06	25	15	43	19	92% / 8%
Indicated	75	19	0.05	23	45	125	56	87% / 13%
Meas. & Ind.	98	19	0.05	23	60	168	74	88% / 12%
Inferred	35	16	0.04	20	18	44	22	63% / 37%

Notes: 1. AgEq for oxide/transition mineral resources is calculated as Ag + (Au x 87.5); this factor is based on commodity prices of Ag – $24.00/oz and Au – $1,800/oz and assumed heap leach recoveries of Ag – 60% and Au – 70%. 2. Discovery is not aware of any environmental, permitting, legal, title, taxation, socio-economic, marketing, or political factors that might materially affect the development of these mineral resource estimates. 3. The tabulated numbers have been rounded to reflect the level of precision appropriate for the estimates and may appear to sum incorrectly due to rounding. Source: RedDot3D Inc., 2021.

Mining Methods

Mining of the Cordero deposit will be done by open pit methods utilizing a traditional drill, blast, load and haul sequence to deliver mill feed to the primary crusher for processing through the sulphide plant or placed on the heap leach pad. Waste material will be sent to either the rock storage facility (RSF) southeast of the pit or to the tailings storage facility (TSF) to the west of the pit.

The current geotechnical dataset is considered sufficient for PEA level-designs. Interramp pit slope angles (measured from bench crest to bench crest) range from 40° at the southwest side of the ultimate pit to 59° at the northeast side of the ultimate pit. Bench face angles range from 69° to 80°. Bench widths range from 8.5 to 16 m and have been designed to adequately retain rockfall.

Four pit phases were developed for the single open pit. Mining occurs on 10 m lifts with safety benches every 20 m using the provided geotechnical parameters by sector. Haul roads are designed at 35.4 m wide to accommodate 230-tonne class haul trucks.

The mine schedule plans to deliver 199 Mt of sulphide mill feed grading 31.1 g/t Ag, 0.09 g/t Au, 0.75% Zn and 0.46% Pb over a mine life of 14 years. Heap leach material processed included 20 Mt of leach crush material grading 41.5 g/t Ag, 0.09 g/t Au, 0.40% Zn and 0.34% Pb along with 9.1 Mt of ROM leach material grading 23.6 g/t Ag, 0.06 g/t Au, 0.37% Zn and 0.25% Pb. Waste tonnage totalling 491 Mt will be delivered to either the tailing storage facility or the rock storage facility. The overall strip ratio is 2.2:1.

The mine plan calls for the staged delivery of various feed types to the primary crusher. In Years -1 to 3, the crusher will size 5 Mt/a of oxide material suitable for heap leaching. Sulphide feed to the mill will start in Year 1 and continue at a rate of 20,000 t/d until Year 3. The sulphide plant will be expanded in Year 3, achieving a rate of 40,000 t/d in Year 5 (Year 4 is a ramp up year from 20,000 tpd to 40,000 tpd). This rate will be maintained for the remainder of the 16-year mine life. The peak mining rate will occur in Years 1 and 2 at 67 Mt/a, but holds steady thereafter at 65 Mt/a until Year 6 when it declines as the mine matures. Three sulphide stockpiles with a peak capacity of 64 Mt will be used to primarily store low-grade sulphide mill feed.

Dilution was applied on a block-by-block basis with consideration of the diluting material grade. This resulted in an increase in mill feed tonnage by 3% but only a 2.3% drop in silver grade.

It is assumed mining will be carried out by a mining contractor. The equipment fleet will be comprised of 91-tonne class haulage trucks with appropriately sized excavators and loaders. An estimate of capital and operating costs was developed based on the selected mining fleet, which is sufficient to meet the mine schedule needs.

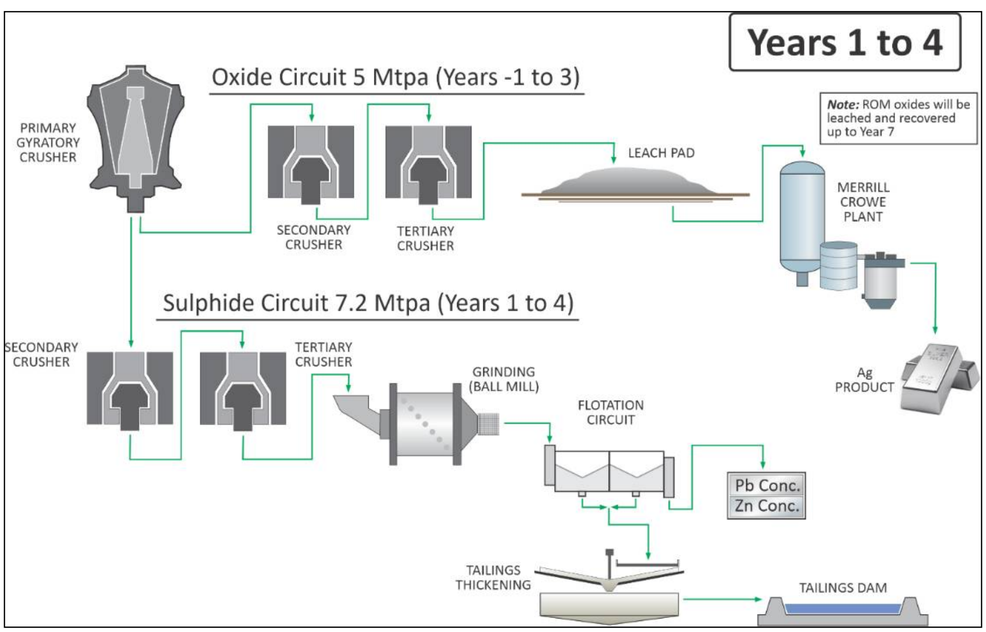
Recovery Methods

The proposed design is based on a stage-wise expansion approach to treat the variable grades in the recovered mineralization while also considering a future increase in mill throughput. The various design phases are:

- The initial phase includes a heap leach operation to treat the oxide material and produce silver-gold doré bars. The second phase includes treatment of run-of-mine (ROM) oxide material in heap leach and treatment of sulphide material from the open pit in a sequential flotation plant producing lead-silver concentrate and zinc concentrate
- The final expansion phase will include expansion to the sulphide flotation capabilities in the future when the sulphide mill feed throughput is doubled.
- Year -1: Heap leach design is operated exclusively pending completion of Phase 1 sulphide flotation capacity.
- Year 1: Phase 1 Sulphide concentrator will be designed to process a throughput of 7.2 Mt/a while the 5.0 Mt/a heap leach operation is operated in parallel.
- Year 4: Phase 2 Sulphide concentrator will be designed to process a throughput of 14.4 Mt/a; however the Phase 2 expansion capital will be dedicated to the grinding, rougher and tailings thickening circuits only. As the oxide heap leach operation will be completed at this stage the oxide crushing circuit will be reallocated to the sulphide process plant to accommodate the increased throughput.
- Year 9: Phase 3 Sulphide concentrator will expand from the Phase 2 sulphide expansion by adding concentrate focused unit operations. During this stage the concentrate production will increase because of increasing feed grades to the process plant.

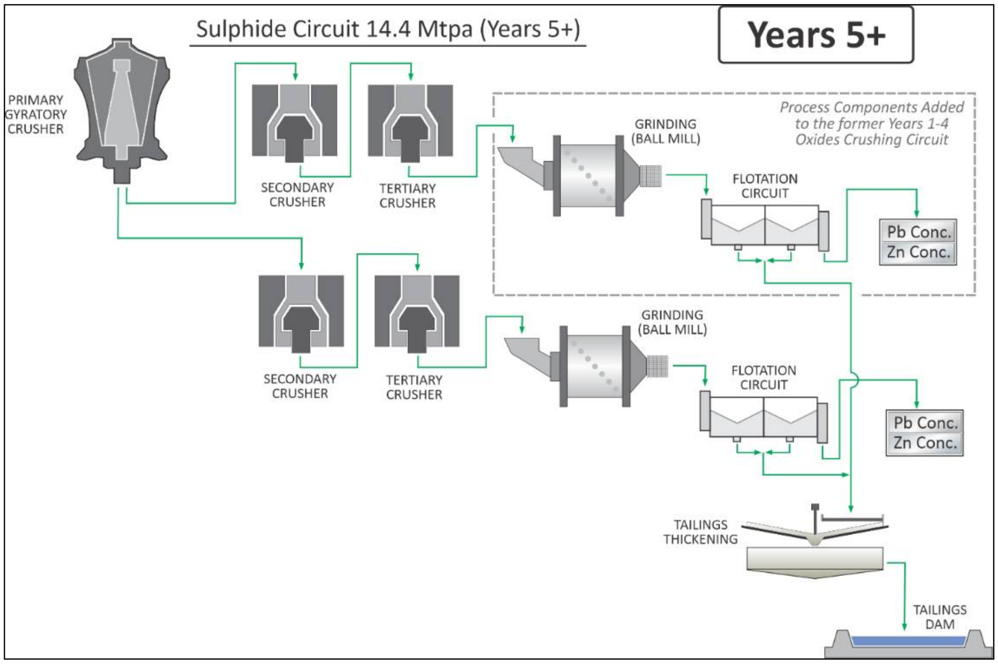
The simplified process flow diagram depicting the first four years of operation is shown in Figure 1-2, while the expanded flowsheet occurring in year five is shown in Figure 1-3.

Figure 0-2: Simplified Process Flow Diagram



Source: Discovery, 2021.

Figure 0-3: Overall Block Flow Diagram



Source: Discovery, 2021.

The Cordero site is a greenfield location consisting of an open pit mine that will utilize direct tipping to feed the gyratory crusher. The coarse primary crushed product will report to either an oxide stockpile or sulphide stockpile by means of a common conveyor and plough system. Material from each of the oxide and sulphide stockpiles will then be reclaimed and sent to the respective secondary and tertiary crushing circuits. Final crushed product will be stored in stockpiles before being reclaimed for specific operations: heap leach for oxide material and sequential flotation for sulphide material.

Material reclaimed from the fine oxide stockpile will be agglomerated with lime, cement, and water to bind fines to maintain solution flow through the heap. The agglomerates will be conveyed by means of grasshopper conveyors to the heap leach pad. The heap leach operation will use a cyanide solution to irrigate the heap leach pad and collect the pregnant solution in a pond. The pregnant solution will be pumped from the pond to a Merrill-Crowe circuit where silver-gold doré bars will be produced as a final product. Barren solution from the Merrill-Crowe circuit will be returned to the intermediate solution pond which will be used to irrigate the heap pad.

The sulphide flotation plant will reclaim material from the sulphide crushed material stockpile and convey it to a closed-circuit ball milling circuit. The cyclone overflow from the milling circuit will report to a sequential flotation circuit where lead-silver and zinc concentrates will be recovered. The concentrates will be thickened and filtered prior to loadout and transportation. The tailing streams from the flotation circuit will report to a final tailings thickener and be pumped to the TSF.

Project Infrastructure

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

- Mine facilities include administration offices, a truckshop and a washbay.
- Process facilities include the process plant, crusher facilities, process plant workshop, and assay laboratory.
- Waste management facilities include a heap leach facility, TSF and RSF.

- Common facilities include a gatehouse and administration building.
- The mine and process facilities will be serviced with potable water, fire water, compressed air, power, diesel, communications utilities, and sanitary systems.

An overall site layout is provided in Figure 1-4.

The existing public road will be connected to the project for site access. The typical method of clearing, topsoil removal, and excavation will be employed, incorporating drains, safety bunds and backfilling with granular material and aggregates for road structure. Forest clearing and topsoil removal is expected to be required to allow construction of the processing plant and other buildings and facilities.

The site can be accessed by a series of unpaved roads from federal Highway 24, approximately 11 km to the west-southwest. Some of these roads are in flood-prone corridors and are unsuitable for mine construction and operation traffic. A new all-weather road will need to be constructed to access the mine site from Highway 24. The roads within the process plant area will be generally 6 m wide, integrated with process plant pad earthworks, and designed with adequate drainage.

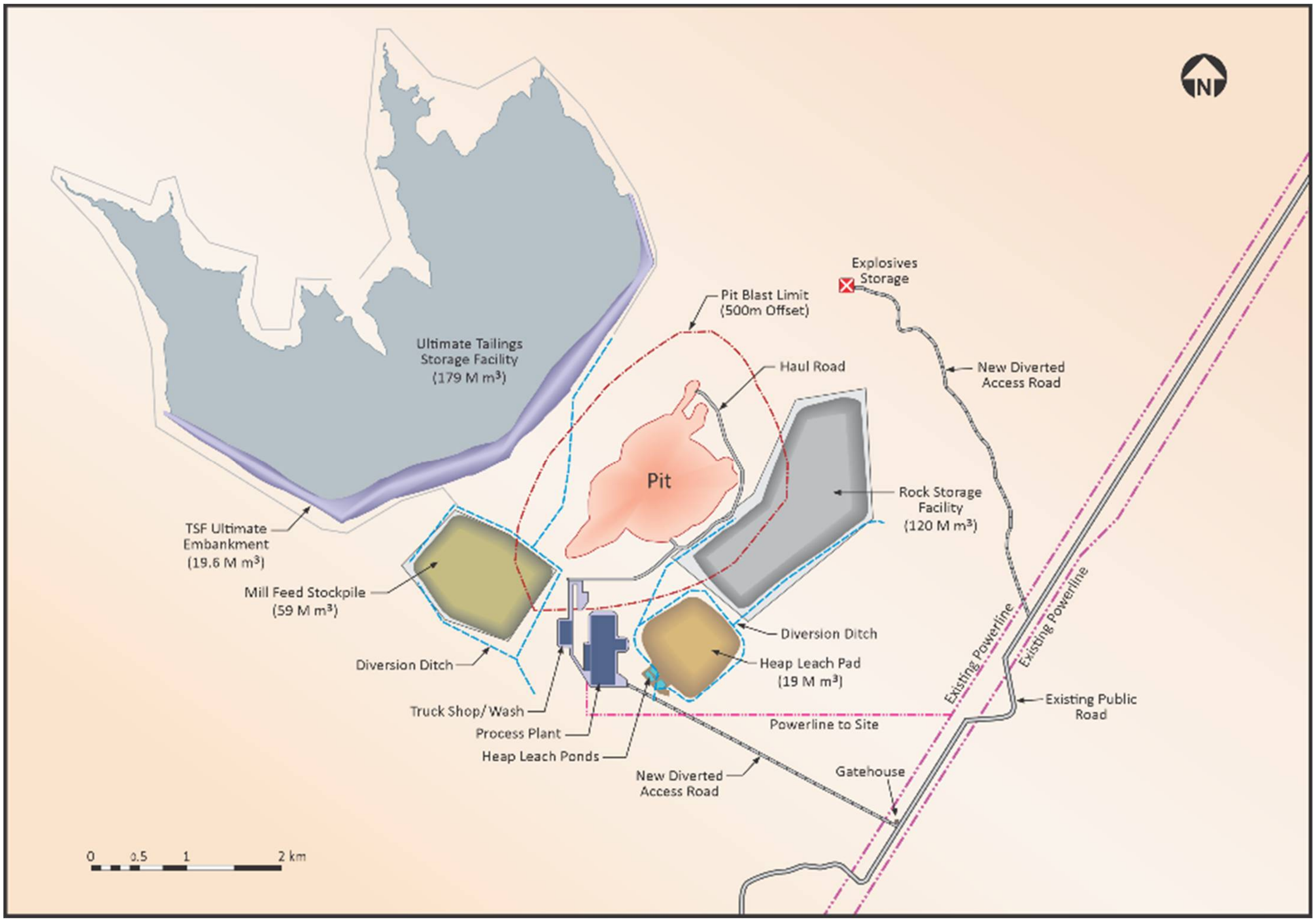
The roads will allow access between the administration building, warehouses, mill building, crushing buildings, stockpile, mining truckshop, and the top of the mill feed stockpile.

The material mined from the pit will be diverted to four destinations depending on the grade and material type. The barren stripping material will be sent to the rock storage facility while the low-grade mineralized oxides will be sent to the heap leach pad without crushing and the higher grade oxides will be crushed and send to the heap leach pad. The mineralized sulphides will be crushed and sent to the mill feed stockpile. Mineralized sulphides mined during Year -1 will be stockpiled in the mill feed stockpile. Material from the mill feed stockpile will feed the primary crusher from Year 1 onwards. All mill feed is currently envisioned to be hauled from the pit rim by 240-tonne trucks.

Waste rock storage facilities are planned for waste material from the open pit. In general, design considerations assumed an overall reclaimed slope of 2:1 and a swell factor of 30%. Total waste rock capacity is 120 Mm^3 or approximately 200 Mt. All stockpiles and rock storage facilities are planned to avoid existing waterbodies and water courses.

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

Figure 0-4: Overall Site Layout



Source: Ausenco, 2021.

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

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

On-site power supply is phased into three stages based on power demand. Maximum power demand during Year -1 of operation will be 8.55 MW, for which one 10/13.3 MVA transformer is chosen. The maximum power demand in Year 1 of operation will be 27.55 MW, for which two 15/19.95 MVA transformers will be added to the existing power supply for a total available capacity of 36.1 MW.

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

The heap leach facility for the project will be located west of the rock storage facility and east of the process plant. The heap leach pad has been designed in one phase to provide enough stacking area for the crushed and ROM mineralized material per the mine plan. Construction activities include preparing the pad foundation, installing the liner, installing the solution collection system, excavating the ponds, and constructing a perimeter diversion channel prior to commencing mineralized material stacking and leaching. The total capacity of the pad is 19 Mm^3 (43 Mt of mineralized material).

Waste disposal for the Cordero Project includes waste rock storage facilities (RSF) and a tailings storage facility (TSF). The TSF is designed for a capacity of handling processing rate of 20,000 t/d during Years 1 to 3 and 40,000 t/d during Years 4 to 16. The total capacity of the TSF is designed for accommodating 250 Mt of tailings. The proposed TSF will be constructed in a broad, gently sloping basin located north of the mineralized trend currently subject to exploration. Local topographic relief is on the order of 300 m. Within the TSF area elevations range from approximately 1,550 to 1,650 masl. The TSF site is underlain by thin to sparse alluvium and residual soils over a bedrock foundation of Cretaceous Mezcalera Formation marine limestone. Water from the TSF is reclaimed and used in the process plant. The reclaim rate during 7.2 Mt/a production rate is 383 m^3/h and during 14.4 Mt/a production is 767 m^3/h.

The region has long, hot, and humid summers with convective showers and a peak seasonal rainfall in the hottest months. Total annual rainfall is 488.3 mm, of which 83% occurs in the four warmest months (June through September). Based on the rainfall frequency, the proposed water management structures include diversion channel, diversion ditches, collection ditches and collection ponds. The source of runoff water is from stockpile, excess from process plant, groundwater inflow to mining pit, surface runoff from precipitation, heap leach, and the RSF. The water is considered to be in contact with potentially acid generating material and hence is cannot be let into the environment before treatment. At Cordero, any excess water is disposed in the TSF.

The excavation quantities for diversion ditches, diversion channels, collection ditches and ponds, and the site-wide water balance model is further discussed in Section 18.11 of this report.

Market Studies and Contracts

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

The following metal payables as stated in Table 1-3 are used in this study. A summary of the treatment and refining costs is shown in Table 1-4.

The estimated transportation costs (trucking, port handling and ocean freight) are \$128/wmt for Pb concentrate and \$116/wmt for Zn concentrate. Transportation costs assume trucking of the concentrate via containers to the international port at Guaymas, Sonora, and then shipping via ocean freight to Asia.

The metal prices presented in Table 1-5 were used for financial modelling for this technical report.

Table 0-3: Metal Payables

Description	Ag	Au	Pb	Zn
Lead Concentrate				
Average Concentrate Grade LOM	2,900 g/t	1.6 g/t	52%	-
Payable Metal	95%	95%	95%	-

Description	Ag	Au	Pb	Zn
Minimum Deduction	50 g/t	1 g/t	3 units	-
Zinc Concentrate				
Average Concentrate Grade LOM	300 g/t	0.5 g/t	-	51%
Payable Metal	70%	70%	-	85%
Deduction	3 oz/t	1 g/t	-	-

Source: Discovery, 2021.

Table 0-4: Summary of TC and RC

Treatment & Refining Charges	Units	Spot Price	2021 Benchmark
Treatment Charge – Pb Concentrate	$/dmt	~$60	$140
Treatment Charge – Zn Concentrate	$/dmt	~$80	$160
Silver Refining Charge – Pb Concentrate	$/oz	~$0.75	$1.50

Source: Discovery, 2021.

Table 0-5: Metal Prices for Economic Analysis

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

Source: Discovery, 2021.

Environmental Studies, Permitting and Social or Community Impact

Environmental Studies

An environmental baseline study was carried out by Interdisciplinary Consultants in Environment SC in 2021 (ICESC). The information from this study was used to request environmental permits and to describe the project's environmental and socioeconomic setting. No risks of a legal, environmental or socioeconomic were identified.

There are opportunities related to mapping water use, particularly the need for additional studies to map the capacity of the aquifers. The project site covers a total surface area of 34,900 hectares and is contained within the Boquilla River hydrographical basin, and within sub-basin R. Molinas Nuevas. No natural body of water or permanent water flow is located within the project site.

The Cordero region has long, hot, and humid summers with convective showers and a peak seasonal rainfall in the hottest months. In winter, the air is generally mild during the day, but at night the temperature can drop rapidly to a few degrees below freezing.

The biological environment is typical of arid scrub lowlands in this part of the State of Chihuahua. Plant life is dominated by xerophytes. Wildlife at the project site is dominated by small, desert-adapted animals including rabbits, mice, fox, birds, skunks, snakes, lizards, coyotes, bobcats, wild boar (javelina) and mule deer. There are no declared or decreed natural protected areas within or bordering the project site. The project site lies within priority hydrological region (RHP) No. 39.

A third-party laboratory conducted sampling of materials from old mining facilities to quantify metals and determine the potential for acid rock drainage. At the time of writing, these tests were still in progress. Geochemical testing is also underway and if protection measures are needed, they will be added into the next phase of work. For information on waste rock management and the TSF, refer to Section 18.

Closure and reclamation of the mine will be conducted in accordance with Mexican law. The TSF, rock storage facility, and open pit will be reclaimed in a manner that minimizes environmental degradation and promotes the return of native vegetation. The process plant will be demolished, and the equipment and steel will be sold for salvage or scrap. Inert materials with no salvage value will be buried on site and then covered, revegetated, and reclaimed. Above-ground piping and other improvements will be removed and the land surface will be reseeded and restored.

Permitting Considerations

A variety of permits and authorizations will have to be obtained prior to construction and operations. In particular, authorization by SEMARNAT (Secretaria de Medio Ambiente y Recursos Naturales) following the Environmental Impact Assessment (EIA) will be required.

Permits that that will be required prior to construction of the mine, processing plant, and access roads, are listed in Section 20.4.

Social Considerations

From a socioeconomic perspective, the project is located near the metropolitan area of Hidalgo del Parral in southern Chihuahua. This region includes the municipalities of Allende, Belleza, Coronado, El Tule, Huejotitán, Matamoros, Santa Barbara, San Francisco del Oro, and Valle Zaragoza. In the study area, more than 16,000 hectares in 338 production units are in agricultural use.

Capital and Operating Costs

Capital Cost Estimate

The capital cost estimate conforms to Class 5 guidelines for a preliminary economic assessment level estimate with a ±50% accuracy according to the Association for the Advancement of Cost Engineering International (AACE International). The capital cost estimate was developed in Q4 2021 based on Ausenco's in-house database of projects and studies as well as experience from similar operations.

The estimates are based on the following:

- open pit mining operation
- construction of a stage-wise process plant
- construction of associated tailings storage and management facilities
- additional on-site and off-site infrastructure
- Owner's costs and provisions.

The total initial capital cost for the Cordero Project is US$368 million; the expansion capital cost is US$129 million; and the life-of-mine sustaining cost is US$208 million. The capital cost summary is presented in Table 1-6.

Table 0-6: Summary of Capital Costs

WBS Description	WBS	Initial Capital Cost (US$M)		Expansion Capital Cost (US$M)		Sustaining Capital Cost (US$M)	Total Cost (US$M)
		Y-2	Y-1	Y3	Y8	LOM	
Mining	1000	$25.6	$0.7	--	--	$6.8	$33.1
On-Site Infrastructure	2000	$14.7	$9.0	$9.9	--	$16.0	$49.6
Oxide Plant	3000	$70.8	$1.5	--	--	$4.4	$76.7
Sulphide Plant	4000	$0.4	$95.5	$50.8	$22.7	$30.0	$199.3
Tailings Management	5000	--	$14.7	--	--	$95.3	$110.0
Off-Site Infrastructure	6000	$19.4	--	--	--	--	$19.4
Total Directs		$130.9	$121.4	$60.7	$22.7	$152.5	$488.2
Project Indirects	7000	$21.8	$29.7	$16.9	$6.2	$3.8	$78.4
Owner's Costs	8000	$5.6	--	--	--	$22.4*	$28.0
Provisions	9000	$28.4	$30.2	$15.9	$6.1	$29.3	$109.9
Total Indirects		$55.8	$59.9	$32.8	$12.3	$55.5	$216.3
Project Total		**$186.7**	**$181.3**	**$93.5**	**$35.0**	**$208.0**	**$704.5**

Note: *The LOM sustaining Owner's cost is the net difference between reclamation costs and salvage value. Source: Ausenco, 2021.

Operating Cost Estimate

The average yearly operating cost for the project varies as the project undergoes numerous phases with different production rates and mineralized material types. Table 1-7 provides a summary of the operating costs considering the various phases.

Table 0-7: Summary of Operating Costs

Parameter	Units	Unit Cost
Mining – Mill Feed	$/t mined	$2.16
Mining – Waste	$/t mined	$2.04
Processing – Heap Leach Crushed	$/t stacked	$3.84
Processing – Heap Leach ROM	$/t stacked	$1.39
Processing – Milling (7.2 Mt/a)	$/t milled	$7.01
Processing – Milling (14.4 Mt/a)	$/t milled	$6.57
Site G&A (14.4 Mt/a)	$/t milled	$0.86

Source: AGP and Ausenco, 2021.

Economic Analysis

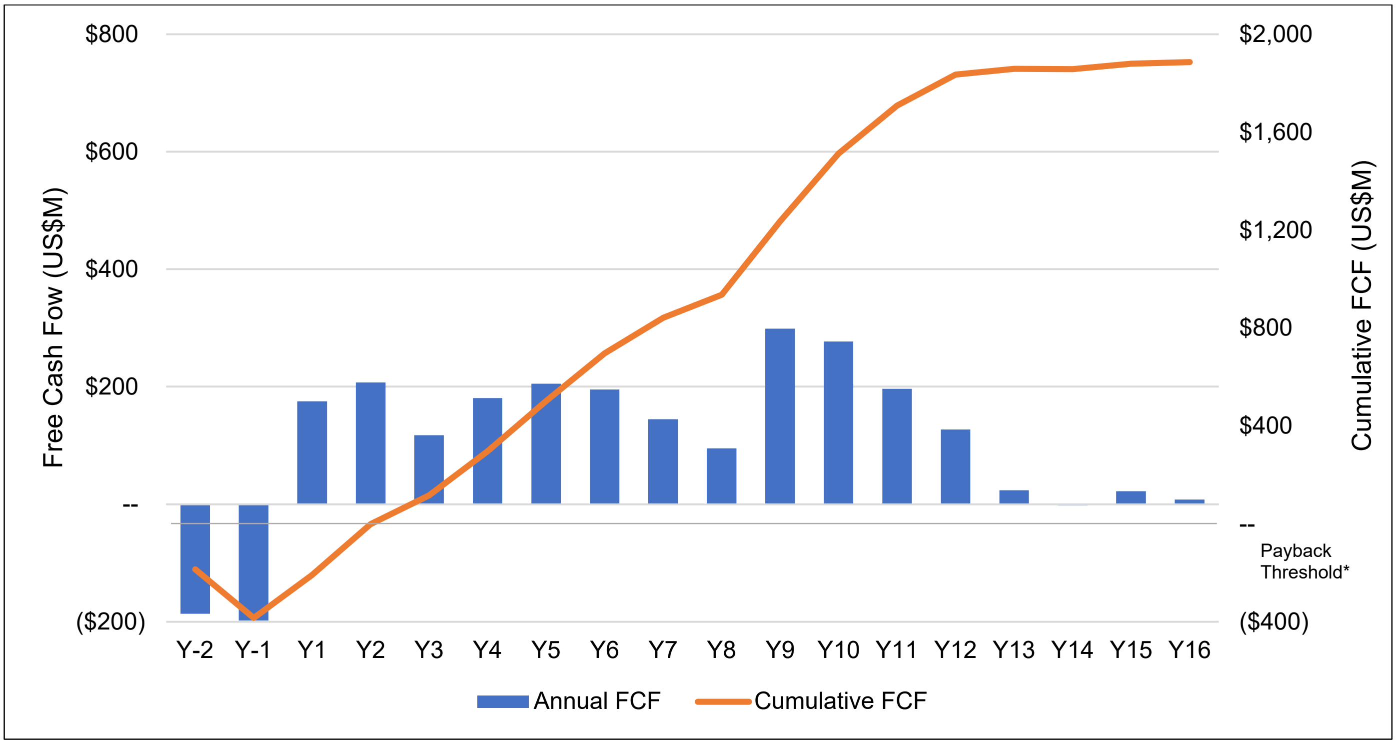
The economic analysis was performed assuming a 5% discount rate. Cash flows have been discounted to the start of construction, assuming that the project execution decision will be made, and major project financing will be carried out at this time.

The pre-tax NPV discounted at 5% is $1,858 million; the internal rate of return (IRR) is 50.3%, and payback period is 1.6 years. On a post-tax basis, the NPV discounted at 5% is $1,160 million, the IRR is 38.2%, and the payback period is 2.0 years.

Readers are cautioned that the PEA is preliminary in nature. It includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves and there is no certainty that the PEA will be realized.

A summary of the post-tax project economics is shown graphically in Figure 1-5 and listed in Table 1-8.

Figure 0-5: Post-Tax Project Economics



Note: *Left axis is for free cash flow, and right axis for cumulative free cash flow. Source: Ausenco, 2021.

Table 0-8: Economic Analysis Summary

Description	Unit	LOM Total / Avg.
General Assumptions		
Silver Price	US$/oz	$22
Gold Price	US$/oz	$1,600
Lead Price	US$/lb	$1.00
Zinc Price	US$/lb	$1.20
Discount Rate	%	5.0%
Production		
Total Payable Silver	koz	164,818
Total Payable Gold	koz	83
Total Payable Lead	Mlb	1,626
Total Payable Zinc	Mlb	2,340
Total Payable Silver Equivalent	koz	372,440
Operating Costs		
Mining Cost*	US$/t mined	$2.13
Processing Cost - Heap leach crushed	US$/t stacked	$3.84
Processing Cost - Heap leach run of mine	US$/t stacked	$1.39
Processing Cost - Milling (7.2 Mt/a)	US$/t milled	$7.01
Processing Cost - Milling (14.4 Mt/a)	US$/t milled	$6.57
G&A Cost (14.4 Mt/a)	US$/t milled	$0.86
Cash Costs and All-in Sustaining Costs (Co-Product Basis)		
Operating Cash Costs**	US$/oz AgEq	$8.34
Total Cash Costs***	US$/oz AgEq	$12.07
All-in Sustaining Cost ****	US$/oz AgEq	$12.35
Capital Expenditures		
Initial Capital	US$M	$368
Expansion Capital	US$M	$129
Sustaining Capital	US$M	$186
Closure Costs	US$M	$44
Salvage Costs	US$M	($22)
Economics		
Pre-tax NPV @ 5%	US$M	$1,858
Pre-tax IRR	%	50%
Pre-tax Payback	years	1.6
Post-tax NPV @ 5%	US$M	$1,160
Post-tax IRR	%	38%
Post-tax Payback	years	2.0

Notes: *Mining Cost excludes mineralized material rehandling cost. **Operating cash costs consist of mining costs, processing costs, site-level G&A. *** Total cash costs consist of operating cash costs plus transportation cost, royalties, treatment and refining charges. **** AISC consist of total cash costs plus sustaining capital, closure cost and salvage value. Source: Ausenco, 2021.

A sensitivity analysis was conducted on the base case pre-tax and post-tax NPV and IRR of the project, using the following variables: metal prices, discount rate, head grade, total operating cost, and total capital cost. Table 1-9 summarizes the post-tax sensitivity analysis results.

Table 0-9: Post-Tax Sensitivity Summary

Metal Prices	**Post-Tax NPV (5%)**	**Total Capital Cost**		**Total Operating Cost**		**Head Grade**	
	Base Case	**(-10%)**	**(+10%)**	**(-10%)**	**(+10%)**	**(-10%)**	**(+10%)**
(20.0%)	$440	$486	$393	$585	$294	$206	$672
(10.0%)	$802	$849	$756	$945	$658	$535	$1,068
--	$1,160	$1,206	$1,115	$1,300	$1,020	$861	$1,458
10.0%	$1,515	$1,561	$1,469	$1,654	$1,375	$1,182	$1,848
20.0%	$1,869	$1,915	$1,824	$2,009	$1,730	$1,501	$2,238
Metal Prices	**Post-Tax IRR (5%)**	**Total Capital Cost**		**Total Operating Cost**		**Head Grade**	
	Base Case	**(-10%)**	**(+10%)**	**(-10%)**	**(+10%)**	**(-10%)**	**(+10%)**
(20.0%)	20.3%	23.0%	18.0%	24.5%	15.9%	13.1%	26.7%
(10.0%)	29.7%	33.0%	27.0%	33.6%	25.9%	22.7%	36.3%
--	38.2%	42.0%	35.0%	41.8%	34.6%	30.9%	45.1%
10.0%	46.1%	50.5%	42.4%	49.7%	42.5%	38.5%	53.5%
20.0%	53.7%	58.7%	49.5%	57.3%	50.2%	45.5%	61.7%

Source: Ausenco, 2021.

Adjacent Properties

One of this technical report's QPs, Ms. Caira, has personally inspected the claim status on adjacent properties and can find no active mining claims adjacent the Cordero property. As noted in Section 6, a review of adjacent mining claims conducted by Levon in 2009 led to reclaiming mineral concessions that had been dropped earlier by Valley High Ventures Ltd. In 2013, Levon acquired the last remaining inlying mineral concession.

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

Conclusions

The total measured and indicated sulphide resources for the Cordero project are estimated at 541 Mt grading 20 g/t Ag, 0.06 g/t Au, 0.29% Pb, and 0.51% Zn. Additional inferred sulphide resources are estimated to be 108 Mt grading 14 g/t Ag, 0.03 g/t Au, 0.19% Pb, and 0.38% Zn for a total of 956 Moz AgEq.

The total measured and indicated oxide resources for the Cordero project are estimated at 98 Mt grading 19 g/t Ag and 0.05 g/t Au. Additional inferred oxide resources are estimated to be 35 Mt grading 16 g/t Ag and 0.04 g/t Au for a total of 96 Moz AgEq.

Based on the assumptions and parameters presented in this report, the PEA shows positive economics (i.e., $1,160 million post-tax NPV (5%) and 38.2% post-tax IRR). The PEA supports a decision to carry out additional detailed studies.

Recommendations

Overall

It is recommended to continue developing the project through additional studies. Table 0-10 summarizes the proposed budget to advance the project through the pre-feasibility study stage.

Table 0-10: Proposed Budget Summary

Description	Cost (US$M)
Exploration and Drilling	$4.50
Metallurgical Characterization	$0.70
Mineral Resources	$5.50
Geotechnical Studies	$0.24
Mine Engineering	$0.20
Tailings Storage Facility	$0.25
Water Management Studies	$0.15
Environmental Studies, Permitting and Social or Community Impact	$0.30
Total	**$11.84**

Source: Ausenco, 2021.

Exploration

Drilling Programs

A four-stage approach to future drilling is recommended, as follows:

1. Stage 1 relates to definition drilling to the northeast of the current resource area. This stage would consist of infill drilling and step-out drilling from the end of where mineral resources have been estimated, using 20 holes averaging 450 m depth, spaced between 100 to 150 m apart for a total of 9,000 m. The Stage 1 delineation drill work program is estimated at US$2,000,000.

2. Stage 2 consists of sampling and exploration drilling based on targets from ongoing surface geological mapping. The higher priority targets include Dos Mil Diez and Molino de Viento in the southwest; Sansón to the northeast of La Ceniza; Valle and Mesa in the north at Porfido Norte; and La Perla in the south. This stage would involve a total of 5 to 10 holes averaging 300 m depth for 1,500 m in each target for a total of 7,500 meters in 25 holes. The Stage 2 exploration drill work program is estimated at US$ 1,685,000.

3. Stage 3 includes 3D IP surveys over Porfido Norte and the La Perla target in the south. The Stage 3 3D IP survey work program is estimated at US$ 185,500.

4. Stage 4 involves carrying out a radiometric survey over areas of the property not surveyed previously in 2010 to identify high-potassium hydrothermal centers known to host favourable mineralization. The Stage 4 radiometric survey work program is estimated at US$ 120,000.

The total cost for all four stages is approximately US$ 4,500,000, including a 15% contingency.

Several of the above stages can be completed in conjunction with other work programs.

Ongoing studies should also be carried out, including continued Leapfrog 3D modelling of the structural corridors, lithology, alteration, mineralization as well as continued SWIR/NIR TerraSpec^{TM} work, petrographic work, and lithogeochemistry work to identify areas of deleterious elements, areas of increased clay content, total sulphide content, and areas of the different carbonate species.

Contingent on the success of the drilling and geophysical surveys, the drill programs should be expanded as needed.

Bulk Density Program

Following the cut-off date for drill hole data used in the mineral resource estimate, a program was initiated to measure the density of every 2 m sample interval using whole core. This program should continue since it will provide useful information to supplement the existing pulp density measurements as the project advances. The cost of this activity is included in exploration program cost.

Metallurgical Characterization

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

- Additional comminution tests to further expand the comminution database is recommended to develop a robust comminution model and grinding circuit design. This will improve the future analysis of power requirements and equipment selection.
- Optimization of concentrate regrind sizing is required. Only limited testwork has been conducted to date and specific energy consumption testwork was not included.
- Further investigation between the impact of depressant dosages and silver recovery to the lead-silver concentrate is recommended. Operating at lower depressant dosages would likely lead to higher silver recovery to the lead-silver concentrate where payment terms are more favourable.
- Sensor sorting and/or dense media separation testwork should be further undertaken to determine the response of the low-grade stockpile material to preconcentration.
- Further expansion of the variability flotation database is recommended and testwork on higher grade production composites is required to allow models of robust head grade vs. recovery to be developed.
- No dewatering testwork (dynamic thickener tests and concentrate filtration) has been conducted to date and is recommended as part of the work in the next project phase.
- Additional column leach testing is required to provide more robust recovery data for the oxide/transition zones of mineralization. Samples should include the anticipated average oxide silver and gold grades and samples near the cut-off grade and the maximum annual grades. Testing should further address the impact of crush size on recovery.
- The use of 4 kg testwork charges for flotation testwork should be considered as standard going forward, especially for the low head grade samples.

The estimated cost of implementing the above recommendations for further metallurgical testwork is US$700,000, including a 15% contingency.

Mineral Resource Estimation

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

- Future resource updates should continue to explore the use of geological logging information to optimize the separation of structural domains into high-grade and low-grade subdomains.
- The impact of the low bias in lead and zinc assays done with an aqua regia digest in 2013 and 2014 should be assessed so that it can be quantified. It is likely that the impact is very small; but as project development advances, it would be useful to have this impact quantified.
- A small cross of closely spaced drill holes at approximately 10 m spacing should be drilled in a high-grade zone and a low-grade zone to improve the understanding of short-scale continuity. This will assist the analysis and interpretation of spatial continuity for future resource estimation studies and will provide useful information for planning a grade control system.

- Infill drilling should continue, both in inferred resource areas where confidence could move the resources into the indicated category, and similarly in indicated resource areas where confidence could move the resources into the measured category. By the time the project reaches its pre-feasibility study, it is prudent to have the majority of the mineral resources in the payback period drilled to the level of measured confidence.

The cost of implementing the above recommendations is estimated at US$5,500,000, including a 15% contingency. The vast majority of the proposed resource drilling is to expand resources in the Cordero Main area, where resources are currently estimated, and to increase the confidence of resource estimates from inferred to indicated, and from indicated to measured.

Geometallurgical Model

A geometallurgical model uses metallurgical responses for various mineralization types to predict the metal recoveries over time in the mine plan. Such a model should be generated to further examine opportunities for ROM leaching, heap leaching and improved mine sequencing on the sulphide material. The cost of this activity is captured under PFS budget.

Geotechnical Studies for Pit Slopes and Sectors

Additional data collection is required to advance the study to the next level. This includes developing a better understanding of the hydrogeological regime.

A program of geotechnical data collection needs to be completed on the final PEA design to better understand the lithologies based on further laboratory testwork. A slope stability analysis based on the acquired data may allow for improvements in the current wall slope parameters.

The cost of the recommended work including site investigation is estimated to be US$240,000.

Mine Engineering

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

- The current assumption for grade control is the use of blast hole cuttings. Sampling protocols need to be established and assessed to determine if they would be applicable in normal mine operation. If not, an RC grade control program may be required to allow proper separation of heap and sulphide material as well as mill feed delineation.

- Additional information from further geotechnical drilling is required to develop a proper dewatering cost estimate.

- The current mining philosophy is the use of contract mining. Additional work needs to be completed to verify the cost benefit of this approach versus a leased owner fleet. This would include detailed discussions with local contractors to determine whether a hybrid approach of early-stage contract mining and later-stage owner-operated mining is more economically attractive.

- Additional scheduling studies with an updated geological model are warranted. The use of an ROM pile versus waste rock storage for some material may result in a net cashflow positive scenario. Further evaluation of the heap leach potential of oxide material may also prove to be economically beneficial to the project. The timing and cost of these scenarios need to be completed. The use of stockpiles was included in the PEA, but this needs further refinement to enhance the project.

- Further study is required to determine the nature of the waste rock and to classify it as potentially- or non-acidogenic. The results may require a change in storage strategy.

The cost of implementing the above recommendations is estimated at US$200,000.

Tailings Storage Facility Studies

Due to the conceptual nature of this study and the paucity of information available at the time of writing, assumptions have been made regarding the layout, MTOs, and construction of the proposed TSF. Material properties will be required to perform slope stability analyses and other geotechnical assessments to confirm that the TSF can be built as designed. A tailings distribution plan will be required which may lead to the conceptual staging requiring adjustment to contain the given capacities.

Additional studies and data collection will be required to advance project development beyond the conceptual level. Some, but not necessarily all, of the current data gaps that would need to be addressed in future studies include the following:

- A site reconnaissance visit should be conducted by a qualified engineering geologist to review the proposed TSF location and assess its suitability for the proposed facilities and potential presence of karsts.
- Geological and geotechnical site investigations should be carried out, including drilling and in-situ and laboratory testing, to understand subsurface soil and rock characteristics, material properties, and existing groundwater levels.
- The geochemistry of seepage from tailings materials needs to be investigated.
- Additional geotechnical testing of the anticipated tailings, waste rock, and other associated construction materials, (e.g., horizontal drain gravel and sand and candidate geomembranes) should be carried out.
- Hydrological information should be gathered from site-specific climate studies to detail ponds and channels.
- Hydrogeological information from desktop studies and site investigations should be gathered to better understand subsurface flow regimes.
- A trade-off study between dry stacking of tailings vs conventional disposal of tailings.

As additional information is obtained, assumptions made in this study can be verified or updated to advance the project to the next level of design. The cost of implementing the above recommendations is estimated at US$250,000.

Water Management

For the next phase of the work, a trade-off study should be completed for each pond volume versus its pumping rate to the TSF. The ponds should also be designed so particles less than 10 µm settle within each pond.

The water balance analysis shows excess runoff during both the starter and ultimate configurations. However, it should be noted that at the earlier stage of the mining operation, the amount of available water in the dry and wet season is less than the estimated available water from various available sources. A detailed integrated GoldSIM water balance model will be needed to integrate the daily/monthly water balance from the TSF impoundment, ponds for various facilities, and the process plant for every single year of mine life. The inputs and assumptions used in the current study should also be refined and investigated. For example, the current design assumes a constant pit dewatering rate through the mine life, which is adequate for a PEA-level study.

The cost of carrying out the above work is estimated at US$150,000

Environmental Studies, Permitting, and Social or Community Impact

It is recommended that a 3D hydrogeological model for the aquifers under the project site be compiled to confirm their available capacity and ability to accommodate current land use and the project's future needs. It is also recommended that the model be used to make projections related to impact and the behaviour of the water table within the affected region and to ensure that there are no adverse impacts for agricultural users.

Geochemical studies should be progressed to understand the potential for acid rock drainage and metal leaching and to design the appropriate protection measures at the next stage if required.

Finally, it is recommended that project compliance with appropriate standards is verified should the project require outside financing.

The cost of carrying out the above work is estimated at US$300,000.

Recent Developments

Subsequent to the original publication of the Cordero Project Technical Report:

- Drilling was re-commenced by Discovery on January 7, 2022 with four drills.
- A total of 45,858m has been drilled in 179 holes by Discovery during 2022, to the date of this AIF.

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

DIVIDENDS AND DISTRIBUTIONS

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

DESCRIPTION OF CAPITAL STRUCTURE

Shares

The Corporation is authorized to issue an unlimited number of Common Shares. There are 348,616,580 Common Shares issued and outstanding as of the date of this AIF. Holders of Common Shares are entitled to receive notice of any meetings of shareholders of the Corporation, and to attend and to cast one vote per Common Share at all such meetings. Holders of Common Shares are entitled to receive on a pro rata basis such dividends on such Common Shares, if any, as and when declared by the Board at its discretion from funds legally available therefor, and, upon the liquidation, dissolution, or winding up of the Corporation, are entitled to receive on a pro rata basis the net assets of the Corporation after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions, and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of Common Shares with respect to dividends or liquidation. The Common Shares do not carry any pre-emptive, subscription, redemption, retraction, surrender, or conversion or exchange rights, nor do they contain any sinking or purchase fund provisions.

The following represents the Corporation's current capital structure:

Designation of Security	Number of Shares Authorized	Outstanding on December 31, 2021	Outstanding on July 29, 2022
Common Shares	Unlimited	331,348,433	348,616,580

Warrants

The Corporation has an aggregate of 12,500,000 Warrants issued and outstanding as of the date of this AIF, as set forth below.

Non-Brokered Private Placement – August 7, 2020

Pursuant to a non-brokered private placement of the Corporation's securities that closed on August 7, 2020, the Corporation issued an aggregate 12,963,500 Warrants each entitling the holder to acquire one Common Share for C$1.75 at any time prior to August 7, 2022. As at the date of this AIF, 463,500 Warrants issued in connection with this placement have been exercised for gross proceeds of $811,125.

Principal Shareholders

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

Name	Designation of Security	Number of Securities Owned (as of the date of this AIF)	Percentage of Securities Owned (as of the date of this AIF)
2176423 Ontario Ltd.	Common Shares	89,531,054	25.68%

MARKET FOR SECURITIES

Trading Activity and Volume

The Corporation's Common Shares trade on the TSX Venture Exchange under the symbol "DSV".

The following table sets forth, for the periods indicated, the reported high and low daily trading prices (in Canadian dollars) and the aggregate volume of trading of the Common Shares on the TSX Venture Exchange during the year ended December 31, 2021.

Month	Monthly High Price ($)	Monthly Low Price ($)	Monthly Volume
January	$2.29	$1.60	16,890,798
February	$2.74	$1.85	22,121,193
March	$2.44	$1.78	39,275,281
April	$2.41	$2.13	6,952,242
May	$2.59	$2.03	9,188,431
June	$2.70	$2.06	7,753,986
July	$2.27	$1.64	6,627,184
August	$2.03	$1.65	5,492,797
September	$1.78	$1.19	10,582,971
October	$1.87	$1.23	9,633,891
November	$2.27	$1.74	7,935,009
December	$2.25	$1.62	10,067,244

Prior Sales

Non-Trading Securities – Warrants

The Corporation closed a non-brokered private placement in two tranches on May 29, 2020, and June 8, 2020, and for that placement issued an aggregate total of 22,727,267 Warrants and 804,545 Finder Warrants with an exercise price of $0.77 per Common Share and $0.55 per Common Share, respectively.

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

As at the date of this AIF, there are 12,500,000 Common Shares issuable upon the exercise of outstanding Warrants at a weighted average exercise price of C$1.75 per Common Share.

In the twelve months ended December 31, 2021, the Corporation did not issue any warrants.

Non-Trading Securities – Options

In the twelve months ended December 31, 2021, the Corporation issued the following Options:

Date of Grant	Number of Options Granted	Exercise Price (C$)	Expiry Date
January 12, 2021	5,500,000	$1.89	January 12, 2026
February 1, 2021	250,000	$1.85	February 1, 2026
March 11, 2021	300,000	$2.08	March 11, 2026
July 15, 2021	200,000	$2.06	July 15, 2026
November 1, 2021	200,000	$1.77	November 1, 2026

As at the date of this AIF, there were 25,080,642 Common Shares issuable upon the exercise of outstanding Options at a weighted average exercise price of C$1.35 per Common Share. 8,450,000 additional Options were issued in the period subsequent to December 31, 2021 to the date of this AIF. 6,950,000 of these Options were issued with an exercise price of C$2.05 and an expiry date of January 5, 2027. 3,800,000 of these options have a vesting schedule of 1/3 vesting immediately, and 1/3 vesting on each of the 1st and 2nd anniversary from the grant date, 2,500,000 of these options have a vesting schedule of 1/2 vesting immediately, and 1/2 vesting on the 1st anniversary from the grant date. The remaining options have a vesting schedule of 1/8 vesting every three months beginning 90 days after grant date. 1,000,000 Options were issued with an exercise price of C$1.93 and an expiry date of March 14, 2027 and a vesting schedule of 1/3 vesting on each of the 1st, 2nd and 3rd anniversary from the grant date. 400,000 were issued with an exercise price of C$1.76 and an expiry date of April 11, 2027 and a vesting schedule of 1/2 vesting immediately, and 1/2 vesting on the 1st anniversary from the grant date and 100,000 were issued with an exercise price of C$1.38 and an expiry date of May 26, 2027 and a vesting schedule of 1/3 vesting immediately, and 1/3 vesting on each of the 1st and 2nd anniversary from the grant date.

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

The Corporation had no RSUs or DSUs outstanding as at December 31, 2021. The Corporation's RSU and DSU Plans were reapproved by shareholders at the Corporation's Annual General Meeting on June 24, 2022.

The Corporation issued 250,000 RSUs in the period from December 31, 2021, to the date of this AIF. 125,000 of these RSUs had a Redemption date of April 4, 2022 and 125,000 have a Redemption date of April 4, 2023.

The Corporation did not issue any DSUs in the period from December 31, 2021, to the date of this AIF.

Share Ownership by Directors and Executive Officers

As at December 31, 2021, and as at the date of this AIF, the directors and executive officers of the Corporation, as a group, beneficially owned, or exercised control or direction over, directly or indirectly, an aggregate of 11,673,270 Common Shares and 5,302,069 Common Shares, respectively, representing approximately 3.5% and 1.5%, respectively, of the issued and outstanding Common Shares as of such dates.

On a partially-diluted basis, assuming the exercise of all Options, RSUs, DSUs, and Warrants, the directors and executive officers of the Corporation, as a group beneficially owned, or exercised control or direction over, directly or indirectly, an aggregate of 25,140,370 Common Shares representing approximately 7.6% of the issued and outstanding Common Shares as of December 31, 2021. As at the date of this AIF, the group beneficially owned, or exercised control or direction over, directly or indirectly, on a partially diluted basis, an aggregate of 21,945,769 Common Shares representing approximately 6.3% of the issued and outstanding Common Shares.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

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

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

DIRECTORS AND OFFICERS OF THE CORPORATION

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

Name, Position, Residence	Principal Occupation for Five Preceding Years	Director Since
ANTHONY ESPLIN Queensland, Australia COO	COO of Discovery Silver Corp. since April 2022. Executive Managing Director of Barrick Niugini Limited from March 2018 to May 2021 and General Manager and Director of Newmont Suriname from April 2016 to October 2017.	N/A
ANDREAS L'ABBE Ontario, Canada CFO and Corporate Secretary	CFO of Discovery Silver Corp. since December 2017 and Corporate Secretary of Discovery Silver Corp. since August 2018. Director of Finance at Tahoe Resources Inc. from October 2015 to May 2017.	N/A
GERNOT WOBER Ontario, Canada VP Exploration	VP of Exploration of Discovery Silver Corp. since July 2018. VP Exploration at Osisko Mining Corp. (formerly Oban Mining Corp.) from January 2015 to June 2018.	N/A
FORBES GEMMELL Ontario, Canada VP Corporate Development	VP of Corporate Development of Discovery Silver Corp. since January 2020. VP of Corporate Development at Guyana Goldfields Inc. from 2015 to 2019.	N/A
MURRAY JOHN(3)(4) British Columbia, Canada Director and Chairman	Retired mining engineer, investment fund manager and mining industry executive. He is also Chairman of Prime Mining Corp., Lead Director of O3 Mining Inc., and a Director of Osisko Gold Royalties Ltd.	June 27, 2017
JEFF PARR(3)(4) Ontario, Canada Director	Vice Chair of the Board of Agnico Eagle Mines Limited and prior to the merger of the two companies, served as Chair of the Board of Kirkland Lake Gold Ltd. from May 2019 and previously Director and Audit Committee Chair. from November 2016 to May 2019. .	August 20, 2017

Name, Position, Residence	Principal Occupation for Five Preceding Years	Director Since
MOIRA SMITH[5] Nevada, USA Director	Vice President, Exploration and Geoscience (formerly Chief Geologist) of Liberty Gold Corp. (formerly Pilot Gold Inc.) since April 2011	June 26, 2019
DANIEL VICKERMAN[3][6][7] London, England Director	Senior Vice President, Corporate Development and Director of Blackrock Silver Corp. Former Managing Director, Head of UK of Beacon Securities UK, Formerly Chairman of the Board of Directors of Levon Resources Ltd.	August 2, 2019
JENNIFER WAGNER[5][6] Ontario, Canada Director	Lawyer, former Executive Vice President of Corporate Affairs and Sustainability of Kirkland Lake Gold from March 2021 to March 2022, previously the former SVP Corporate Affairs and VP Legal of Kirkland Lake Gold from 2015 to March 2021.	March 12, 2021
TONY MAKUCH[4][8] Ontario, Canada Director and Interim CEO	Chair of the Board of Wallbridge Mining Company Limited since April 2022, previously a board member since December of 2019. Former President and CEO of Kirkland Lake Gold Ltd. prior to their merger with Agnico Eagle Mines Limited, from 2016 to 2022.	April 11, 2022

Notes:

(1) This information, not being within the knowledge of the Corporation, has been furnished by the respective nominees. Information provided as at the date of this AIF.

(2) The Corporation does not set expiry dates for the terms of office of Directors. Each Director holds office as long as he is elected annually by Shareholders at Annual General Meetings, unless his office is earlier vacated in accordance with the Articles of the Corporation.

(3) Member of the Audit Committee.

(4) Member of the Compensation Committee.

(5) Member of the Sustainability Committee.

(6) Member of the Nominating and Governance Committee.

(7) Daniel Vickerman was appointed to the Board of Directors on completion of the acquisition of Levon Resources Ltd. on August 2, 2019.

(8) Tony Makuch was appointed Interim CEO on June 3, 2022.

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

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

Designation of Security	Number of Security Owned by Directors and Officers, as a Group	Percentage of Securities Owned by Directors and Officers, as a Group
Common Shares	5,302,069	1.5%
Warrants	Nil	0%
Options	16,643,700	65.1%
RSUs	125,000	100%
DSUs	Nil	0%

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES, OR SANCTIONS

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

(a) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (any such order, an "**Order**") that was issued while that person was acting in that capacity; or

(b) was subject to an Order that was issued after that person ceased to act in such capacity and which Order resulted from an event that occurred while that person was acting in that capacity.

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

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

(b) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his or her assets.

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

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

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

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

CONFLICTS OF INTEREST

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

PROMOTERS

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

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

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

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

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

TRANSFER AGENT AND REGISTRAR

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

MATERIAL CONTRACTS

The only material contracts entered into by the Corporation, during the financial year ended December 31, 2021, and from January 1, 2022, until the date of this AIF, or before the financial year ended December 31, 2021 but which are still in effect, are all in the normal course of business and have therefore not been filed with the Canadian securities regulatory authorities.

INTERESTS OF EXPERTS

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

Qualified Persons

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

Technical Report	Qualified Person
Preliminary Economic Assessment of the Cordero Silver Project, Chihuahua State, Mexico (effective date November 30, 2021, issue date January 13, 2022, amended and restated July 27, 2022)	Tommaso Roberto Raponi, P. Eng. – Ausenco Engineering Canada Inc. Scott Elfen, P.E. – Ausenco Engineering Canada Inc. Gordon Zurowski, P. Eng. – AGP Mining Consultants Inc. James Cremeens, P.E., P.G. – Knight Piésold and Co. (USA) Keith Viles, P. Eng. – Knight Piésold and Co. (USA) Nadia M. Caira, P. Geo. – World Metals Inc. R. Mohan Srivastava, P. Geo. – RedDot3D Inc. Scott Weston, P. Geo. – Hemmera Envirochem Inc. Davood Hasanloo, P. Eng. – Hemmera Envirochem Inc.

Technical Report	Qualified Person
Mineral Resource Update of the Cordero Silver Project – Chihuahua State, Mexico (October 20, 2021)	Nadia M. Caira, P. Geo. – World Metals Inc. Tommaso Roberto Raponi, P. Eng. – Ausenco Engineering Canada Inc. Mohan Srivastava, P. Geo. – RedDot3D Inc.

In the case of the following news releases issued by the Corporation (available under the Corporation's profile on SEDAR at www.sedar.com), from which certain Technical Information contained in this AIF has been derived, Gernot Wober, P.Geo., an officer of the Corporation, is a Qualified Person:

Other than as described below, based on information provided by the experts as at the date of this AIF, the experts named above did not have any registered or beneficial interest, direct or indirect, in any securities or other property of the Corporation or one of its associates or affiliates, when the experts prepared their respective reports, and no securities or other property of the Corporation or one of its associates or affiliates were subsequently received or are to be received by such experts.

Nadia M. Caira (World Metals Inc.), one of the authors of the two technical reports set out above (*Preliminary Economic Assessment of the Cordero Silver Project, Chihuahua State, Mexico* (effective date November 30, 2021, issue date January 13, 2022) and *Mineral Resource Update of the Cordero Silver Project – Chihuahua State, Mexico* (October 20, 2021)), owned options of the Corporation exercisable for Common Shares while she participated in the preparation of those technical reports. At all relevant times, she owned less than 1% of the aggregate number of options of the Corporation exercisable for Common Shares.

Auditors

The Company's Independent Registered Public Accounting Firm is PricewaterhouseCoopers LLP ("PwC"), Chartered Professional Accountants, Licensed Public Accountants, who have issued an independent auditor's report dated April 27, 2022 in respect of the company's consolidated financial statements as at December 31, 2021 and 2020. PwC has advised that it is independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario and Public Company Accounting Oversight Board Rule 3520 Auditor Independence.

BOARD COMMITTEES

The Board has four standing committees: (i) Audit; (ii) Compensation; (iii) Nominating and Corporate Governance; and (iv) Sustainability. Details as to the composition and mandate of the audit committee of the Board (the "**Audit Committee**"), are described in this AIF under the heading "*Information Concerning the Audit Committee and External Auditor*"; details related to the mandates and composition of the Compensation, Nominating and Governance, and Sustainability Committees are described in the Corporation's Information Circular dated May 11, 2021, filed on SEDAR at www.sedar.com.

INFORMATION CONCERNING THE AUDIT COMMITTEE AND EXTERNAL AUDITOR

Audit Committee Charter

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

The Corporation has also adopted a code of ethics (the "**Code of Ethics**") that applies to all personnel of the Corporation. A copy of the Code of Ethics is attached as Schedule B to this AIF. Employees of the Corporation are encouraged to report suspected violations of the Code of Ethics to the 'Complaints Officer'. The Complaints Officer is the Chair of the Audit Committee.

Composition of the Audit Committee

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

Relevant Education and Experience

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

Jeffrey Parr

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

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

Murray John

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

Daniel Vickerman

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

Auditors

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

Reliance on Certain Exemptions

Since the commencement of the financial year ended December 31, 2020, Discovery has not relied on any of the following:

(a) the exemption in section 2.4 of National Instrument 52-110 – *Audit Committees* ("**NI 52-110**") (De Minimis Non-audit Services);

(b) the exemption in section 3.2 of NI 52-110 (*Initial Public Offerings*);

(c) the exemption in section 3.4 of NI 52-110 (*Events Outside Control of Member*);

(d) the exemption in section 3.5 of NI 52-110 (*Death, Disability or Resignation of Audit Committee Member*);

(e) an exemption from of NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (*Exemptions*);

(f) the exemption in subsection 3.3(2) of NI 52-110 (*Controlled Companies*);

(g) the exemption in section 3.6 of NI 52-110 (*Temporary Exemption for Limited and Exceptional Circumstances*); or

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

Audit Committee Oversight

At no time during the fiscal year ended December 31, 2020, or the fiscal year ended December 31, 2021, was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Pre-Approval Policies and Procedures

As of the date of this AIF, the Audit Committee has not adopted specific policies or procedures for the engagement of non-audit services.

External Auditor Service Fees

The following table shows the fees paid, net of 7% administrative surcharge, by the Corporation to the Auditors for services in the years ended December 31, 2021 and December 31, 2020:

	Year Ended December 31, 2021	**Year Ended December 31, 2020**
Audit Fees	$116,587	$113,300
Audit-Related Fees	$nil	$nil
Tax Fees	$13,375	$15,395
All Other Fees	$nil	$nil
Total	**$129,962**	**$128,695**

For 2021, the external auditors have billed work of approximately $32,000 for annual audit fees that will be paid in

2022. Audit fees paid in 2020 include approximately $52,000 of audit work in Mexico from the 2018 and 2019 years that were unbilled until 2020.

ADDITIONAL INFORMATION

Additional information, including particulars of directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, where applicable, is contained in the Corporation's Information Circular dated May 11, 2021. Additional financial information is also provided in Audited Financial Statements, and the related MD&A.

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

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

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SCHEDULE A – AUDIT COMMITTEE CHARTER

This Charter governs the operations of the Audit Committee (the "**Committee**") of Discovery Silver Corp. (the "**Corporation**").

Purpose

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

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

Composition

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

Meetings

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

Duties and Responsibilities

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

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

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

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

A. Chair

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

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

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

B. Committee

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

difficulties encountered with respect to significant auditing or accounting issues; and any “management” or “internal control” letter issued, or proposed to be issued, by the audit firm to the Corporation.

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

- The Committee shall ensure that the Corporation establish appropriate policies and procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

- The Committee shall ensure that the Corporation has in effect clear hiring policies for partners, employees and former partners and employees of the Corporation's present and former Independent Auditors that meet applicable legal and regulatory requirements.

- The Committee shall, with the assistance of management, determine the appropriate funding needed by the Committee for payment of: (i) compensation to the independent audit firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation; (ii) compensation to any advisers employed by the Committee; and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

- To the extent the Corporation maintains an internal audit function, the Committee shall meet periodically with the internal auditors to discuss the overall scope and plans for the internal audit function, including approval of its mandate, and the adequacy and effectiveness of the Corporation's internal controls.

- The Committee shall ensure that the policies established pursuant to the Charter are communicated to the Board, the Corporation's management and employees and other parties as may be appropriate and to the best of its ability shall ensure that such policies are implemented by the audit committees of subsidiary companies where appropriate. The Committee shall also ensure that the necessary follow-up is undertaken with such other audit committees.

- The Committee shall perform an evaluation of its performance at least annually to determine whether it is functioning effectively.

- The Committee shall review and reassess the Charter at least annually.

Adoption

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

Enacted: December 12, 2017.

Amended: N/A.

Reviewed and approved by the Board annually. Most recent review and approval: November 24, 2021.

SCHEDULE B – CODE OF BUSINESS CONDUCT AND ETHICS

Introduction

The Code of Business Conduct and Ethics (the "**Code**") has been adopted by the board of directors (the "**Board of Directors**") of Discovery Silver Corp. (the "**Corporation**"). This Code embodies the commitment of the Corporation and any subsidiaries (collectively referred to as "**Discovery Silver**") to conduct its business in accordance with all applicable laws, rules, and regulations and high ethical standards. The actions of all Discovery Silver employees, officers, and directors shall reflect honesty, integrity, and impartiality that is beyond doubt and that all business should be done in a manner that:

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

Discovery Silver encourages all employees, officers and directors to submit good faith complaints or concerns regarding Accounting Concerns as defined in the Whistle Blower Policy presented in the manual of the Corporation without fear of reprisal.

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

1. Compliance with Laws, Rules, and Regulations

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

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

2. Responsibility for the Code

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

3. Filing of Government Reports

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

4. Bribes & Kickbacks

Bribes and kickbacks are common examples of unethical business practices. It is not ethical to offer money or any type of reward to a government official, outside contractor, supplier, or anyone else, directly or indirectly, in order to obtain or retain an improper advantage. If anyone takes part in these kinds of practices or any other unethical business practices, they not only violate the Code of Conduct and Ethics, but they also damage the Corporation's reputation and put themselves, the Corporation, and its directors and officers at risk of fines, charges, and possibly jail. When dealing with government representatives or officials and private parties, no improper payments will be tolerated. If anyone becomes aware of or receives any solicitation for, or offer of, money or a gift, that is intended to influence an official decision or business decision inside or outside the Corporation, it should be reported immediately to the CEO or the Chairman of the Audit Committee.

5. Corruption of Foreign Public Officials Act

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

6. Conflicts of Interest

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

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

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

If a conflict of interest exists, and there is no failure of good faith on the part of the employee, officer, or director of the Corporation may allow a reasonable amount of time for the employee, Officer or Director to correct the situation in order to prevent undue hardship or loss. However, all decisions in this regard will be in the discretion of the Chairman of the Board, whose primary concern in exercising such discretion will be in the best interests of Discovery Silver.

If you are aware of a conflict or potential conflict of interest, as an employee you should bring the matter to the attention of a supervisor or manager. If you are aware of a conflict or potential conflict as an officer or director, you should promptly bring the matter to the Board of Directors, or the Chairman of the Board.

7. Confidentiality

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

8. Corporate Opportunities

Employees, officers, and directors are prohibited from taking for themselves, personally or for the benefit of others, opportunities that are discovered through the use of corporate property, information or position, except to the extent that a waiver has been granted under Section 9 of this Code. No employee, officer, or director may use corporate property, information, or position for improper personal gain or for the improper personal gain of others, and no employee, officer, or director may compete with the Corporation directly or indirectly. Employees, officers, and directors owe a duty to the Corporation to advance the Corporation’s interests when the opportunity to do so arises.

9. Protection and Proper Use of Corporation Assets

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

10. Competition and Fair Dealing

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

11. Employee Harassment and Discrimination

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

12. Environmental, Safety, and Occupational Health Practices

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

13. Waivers of the Code

From time to time, Discovery Silver may waive certain provisions of this code. Waivers generally may only be granted by the Chairman of the Board. However, any waiver of the provisions of this Code for officers and directors, including the Chief Executive Officer and Chief Financial Officer, may be made only by the Board of Directors or a Committee of the Board and will be disclosed to shareholders as required by applicable rules and regulations.

Policy Review

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

Adoption

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

Enacted: December 12, 2017.

Amended: N/A.

Reviewed and approved annually by the Board. Most recent review and approval: November 24, 2021.