



Discoverysilver

Cordero PFS Overview

January 24, 2023

Forward Looking Statement & NI 43-101 Disclosure

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- This presentation contains certain forward-looking information and statements (collectively, “Forward Looking Statements”) which may not be based on fact and involve a number of risks and uncertainties, including without limitation, statements regarding the Company’s expectations in respect of its future financial position, business strategy, future exploration and production, mineral resource potential, exploration drilling, permitting, access to capital, events or developments that the Company expects to take place in the future. All statements, other than statements of historical facts, are Forward Looking Statements. Forward Looking Statements are statements that are not historical facts and are generally, but not always, identified by the use of forward looking terminology such as “believe”, “expect”, “is expected”, “scheduled”, “forecasts”, “outlook”, “anticipate”, “contemplate”, “target”, “plan”, “intends”, “continue”, “budget”, “estimate”, or variations of such words and phrases or that state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved, or the negative of any of these terms or similar expressions.
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extent required by applicable laws.

- Mineral Resource estimates reported herein have been classified as Measured, Indicated, or Inferred, and Mineral Reserve estimates reported herein have been classified as Proven or Probable, in each case based on the confidence of the input data, geological interpretation, and grade estimation parameters. The Mineral Resource and Mineral Reserve estimates were prepared in accordance with NI 43-101 and classifications adopted by the CIM Council. Statements regarding the results of the preliminary feasibility study (“PFS”) are Forward Looking Statements, as are the anticipated capital and operating costs, sustaining costs, net present value, internal rate of return, payback period, process capacity, average annual metal production, average process recoveries, concession renewal, permitting of the Cordero project, anticipated mining and processing methods, proposed pre-feasibility study production schedule and metal production profile, anticipated construction period, anticipated mine life, expected recoveries and grades, anticipated production rates, infrastructure, social and environmental impact studies, availability of labour, tax rates and commodity prices that would support development of the Cordero project. Information concerning mineral resource or reserve estimates and the economic analysis thereof contained in the results of the PFS are also Forward Looking Statements in that they reflect a prediction of the mineralization that would be encountered, and the results of mining, if a mineral deposit were developed and mined. Forward-looking statements are statements that are not historical facts which address events, results, outcomes, or developments that the Company expects to occur.

Gernot Wober, P. Geo, V.P. Exploration, Discovery Silver Corp., is the Company’s designated Qualified Person within the meaning of National Instrument 43-101 Standards of Disclosure for Mineral Projects (“NI 43-101”) and has reviewed and validated that the information contained herein is accurate. All sources of data contained herein are from Discovery Silver unless otherwise noted.

References (used through current presentation):

¹ The most recent resource estimate and mineral reserve estimate for the Cordero project were press released on January 24, 2023. Resource commodity prices of Ag - \$24.00/oz, Au - \$1,800/oz, Pb - \$1.10/lb, Zn - \$1.20/lb. Reserve commodity prices of Ag - \$20.00/oz, Au - \$1,600/oz, Pb - \$1.00/lb, Zn - \$1.20/lb. Summary tables can be found in the Appendices. A technical report will be posted on Discovery’s website and filed on SEDAR within 45 days of the press release.

² AgEq for sulphide mineral resources is calculated as $Ag + (Au \times 15.52) + (Pb \times 32.15) + (Zn \times 34.68)$; 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 – 87%, Au – 18%, Pb – 89% and Zn – 88%. AgEq for oxide mineral resources is calculated as $Ag + (Au \times 22.88) + (Pb \times 19.71) + (Zn \times 49.39)$; this factor is based on commodity prices of Ag - \$24.00/oz and Au - \$1,800/oz and assumed recoveries of Ag – 59%, Au – 18%, Pb - 37% and Zn - 85%.

³ PFS by Ausenco Engineering Canada Inc., as press released on January 24, 2023. PFS commodity prices (\$US): \$22.00/oz Ag, \$1.20/lb Zn, \$1.00/lb Pb, \$1,600/oz Au. A technical report will be posted on Discovery’s website and filed on SEDAR within 45 days of the press release.

⁴ AISC is calculated as [Operating costs (mining, processing and G&A) + Royalties + Concentrate Transportation + Treatment & Refining Charges + Concentrate Penalties + Sustaining Capital (excluding \$15M of capex for the purchase of the initial mining fleet in Y1) + Closure Costs] / Payable AgEq ounces

Study Highlights



PFS Highlights

Excellent project economics

- BASE CASE¹: After-tax NPV of \$1.2 B (C\$1.5 B), IRR of 28% & payback of 4.2 years

Extended mine life & higher production

- 18-year mine life with average annual production of 33 Moz AgEq
- 40% increase in total AgEq ounces produced vs PEA

High margins & low capital intensity

- All-in Sustaining Cost <\$13/oz in Years 1 - 12
- Initial capex ~\$455M; NPV to Capex ratio of 2.5x

Significantly de-risked study

- >50% of Reserves in the Proven category
- Study led by Ausenco with support from Knight Piésold and AGP Mining

Exceptional silver price leverage

- M&I Resource growth of 35% to 1.13 Boz AgEq
- Only 42% of M&I Resource included within PFS mine plan

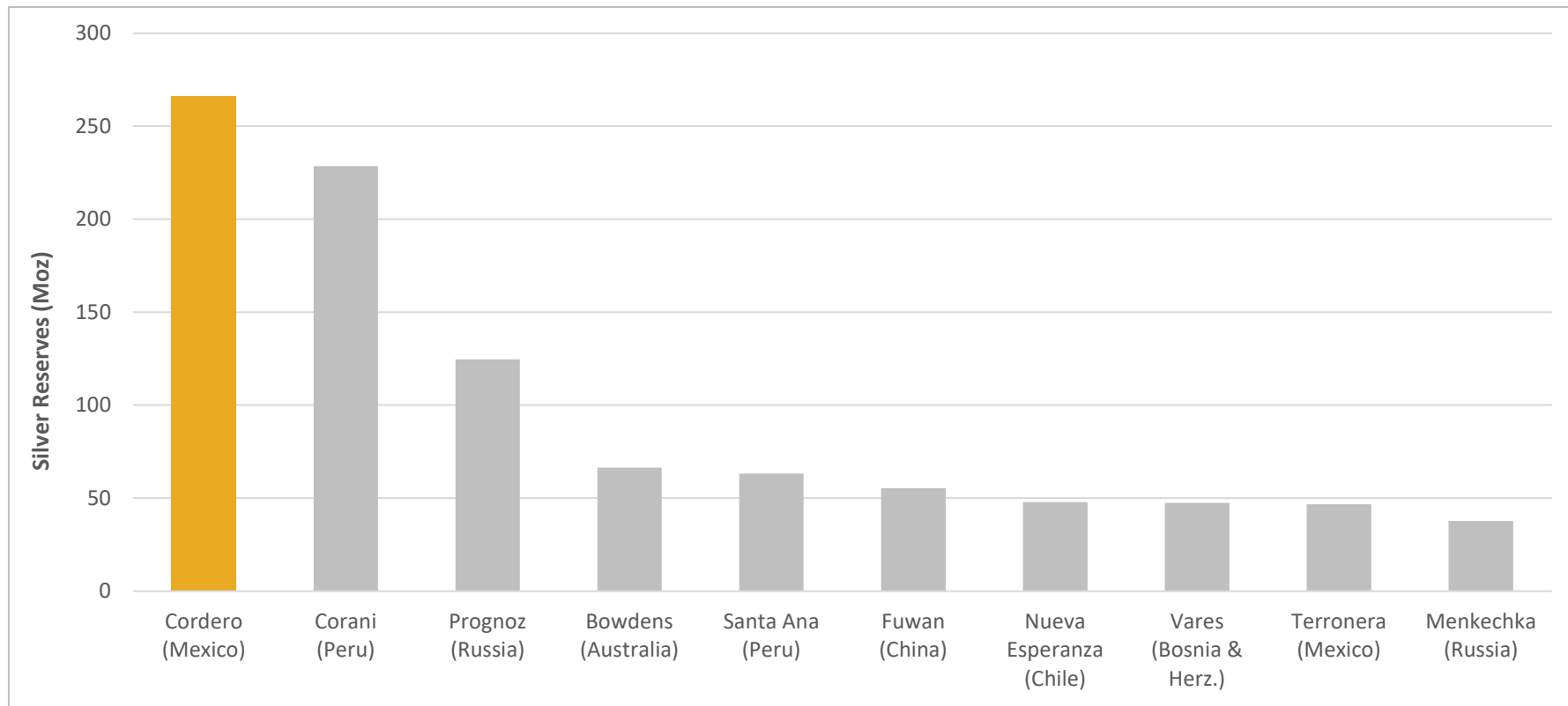
ESG/economic contribution

- +\$1 B in taxes paid and +\$4 B of local goods & service purchases
- Peak local workforce estimate of over 1,000 employees

All \$ in USD unless otherwise indicated.

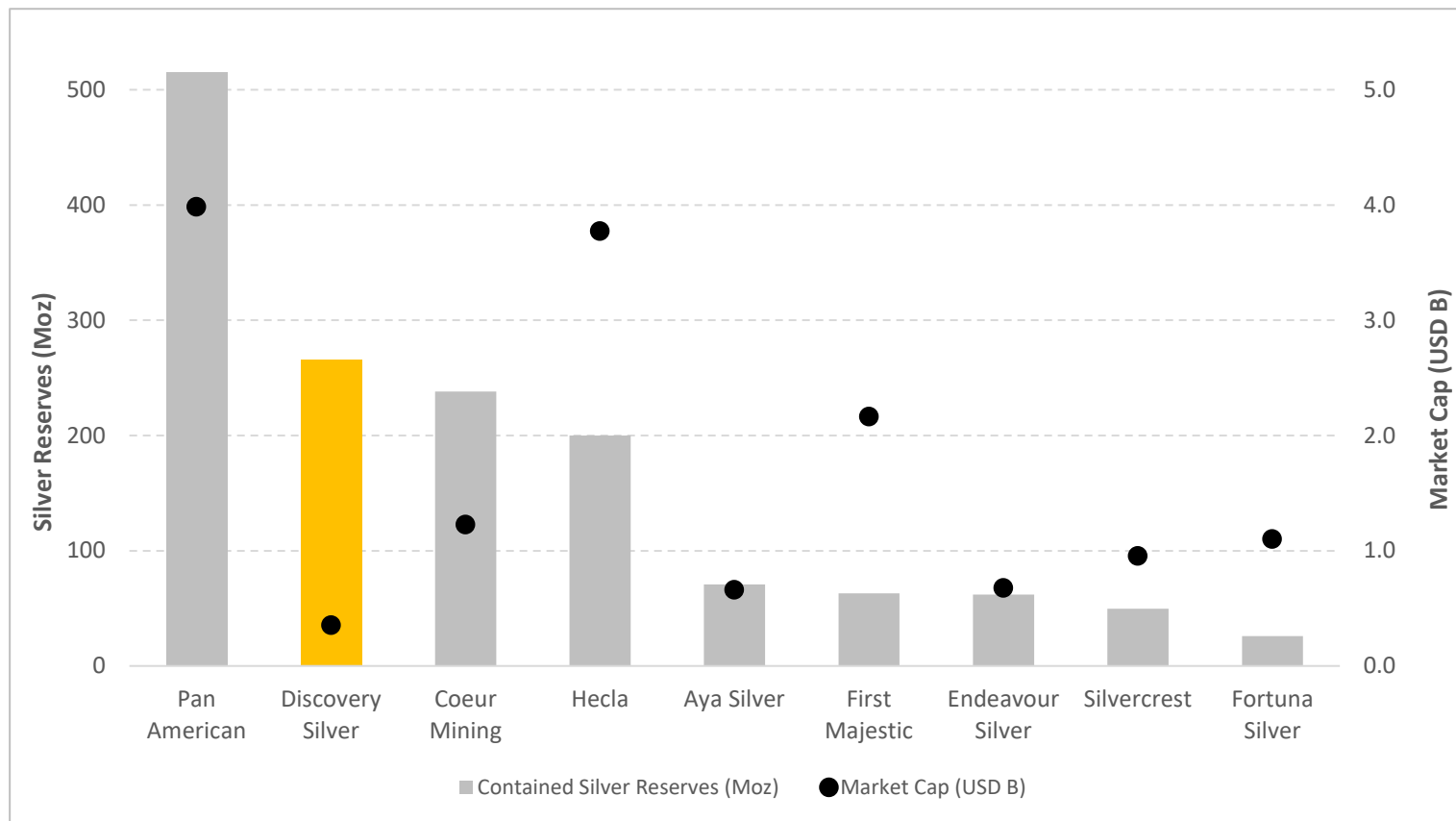
1. Base case: assumes Ag - \$22.00/oz, Au - \$1,600/oz, Pb - \$1.00/lb, Zn - \$1.20/lb

Largest Undeveloped Primary Silver Deposits by Reserves



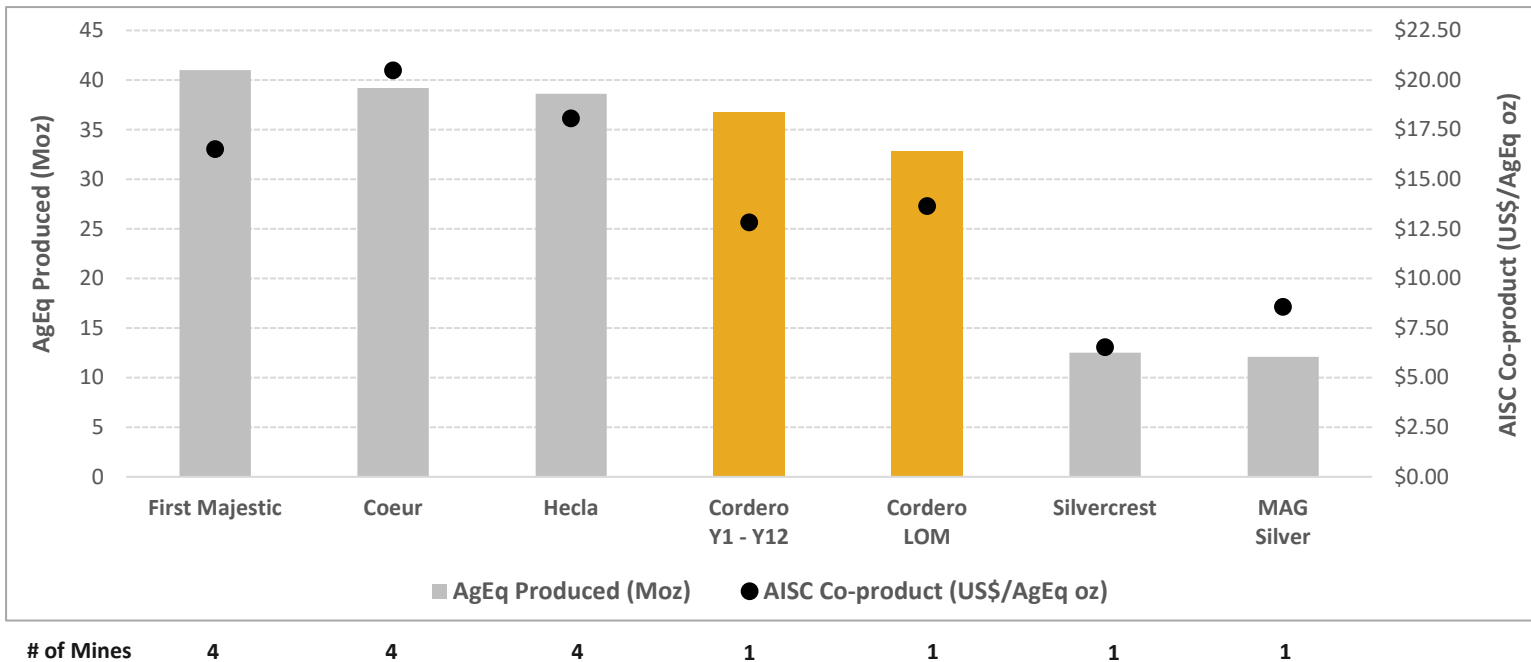
Source: S&P Global Capital IQ

Silver Reserves: Discovery vs Silver Producers



Source: Company reports

AgEq Production: Cordero vs Silver Producers



Cordero
Sourced from Jan.
2023 PFS

Silver peer production
BMO Capital Markets
forecast for 2023

• For AgEq ratios: Cordero AgEq production assumes Ag - \$22.00/oz, Au - \$1,600/oz, Pb - \$1.00/lb, Zn - \$1.20/lb; BMO AgEq production is based on spot prices as at January 13, 2023: Ag - \$24.25/oz, Au - \$1,918/oz, Pb - \$0.98/lb, Zn - \$1.46/lb)

Capital Expenditures



Capex: Summary

	INITIAL CAPITAL		EXPANSION CAPITAL		SUSTAINING LOM CAPEX	TOTAL LOM CAPEX
	Y-2	Y-1	Y3/4	Y9		
CAPITAL EXPENDITURES (US\$ M)						
Mining	\$18	\$52	\$3	-	\$67	\$140
Infrastructure	\$8	\$23	\$12	-	\$22	\$65
Processing Plant	\$39	\$117	\$114	\$14	-	\$284
Tailings Facility (TSF)	\$11	\$34	\$40	-	\$106	\$191
Offsite Infrastructure	\$5	\$15	\$35	-	-	\$55
Indirects	\$15	\$44	\$39	\$11	-	\$109
Owners Costs	\$3	\$10	\$3	\$1	-	\$17
Closure (Net of Salvage Value)	-	-	-	-	\$24	\$24
Contingency	\$15	\$46	\$43	\$5	\$9	\$118
TOTAL CAPEX	\$455		\$289	\$31	\$228	\$1,003

Initial Capital

Two-year construction period
Infrastructure + TSF construction + Plant
throughput of 25.5 ktpd

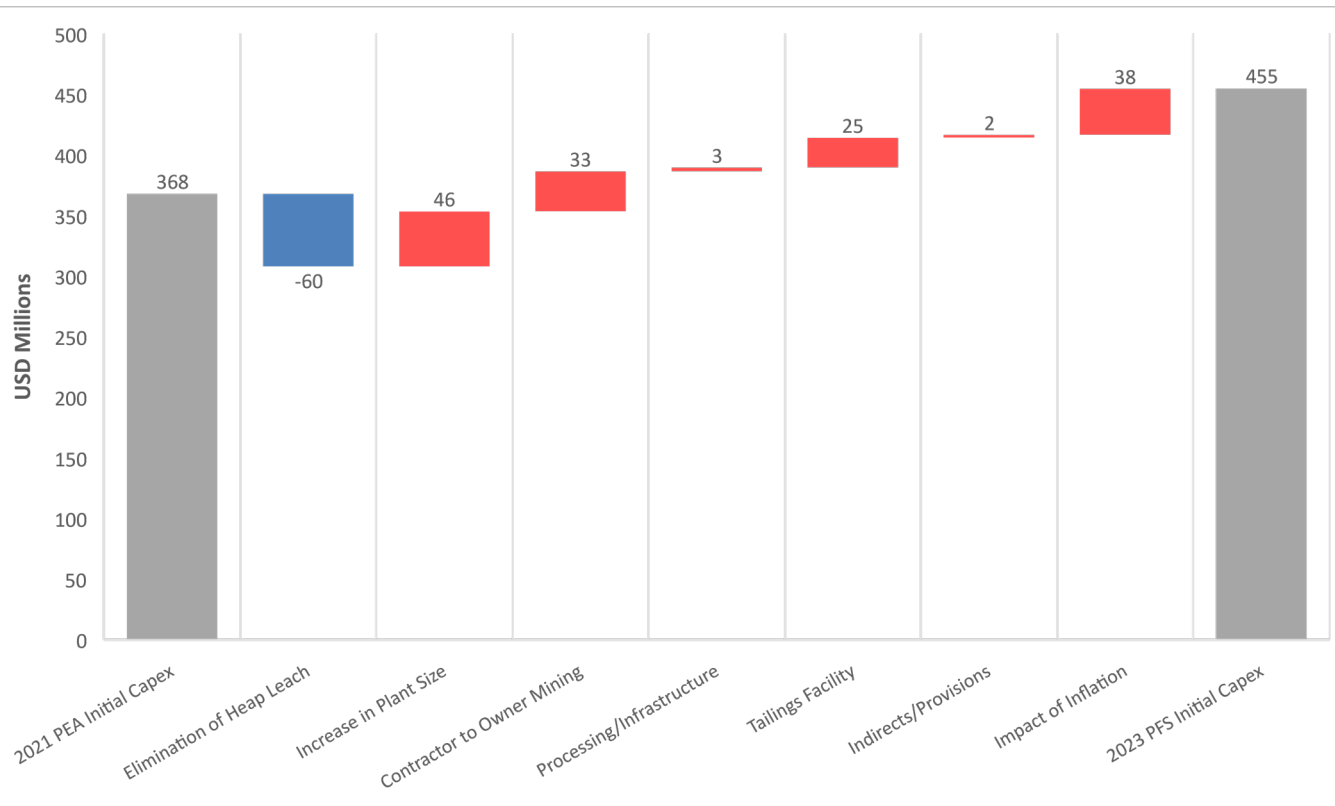
Expansion Capital

Year 3/4: expand to 51 ktpd (add ball mill
& flotation circuit)
Year 9: expand flotation circuit for higher
Zn grades

Sustaining Capital

Primarily TSF lifts & down payments for
mine equipment being acquired through a
lease to own contracts

Capex: PFS vs PEA Comparison



Major cost increases

Plant: +25% increase in plant size

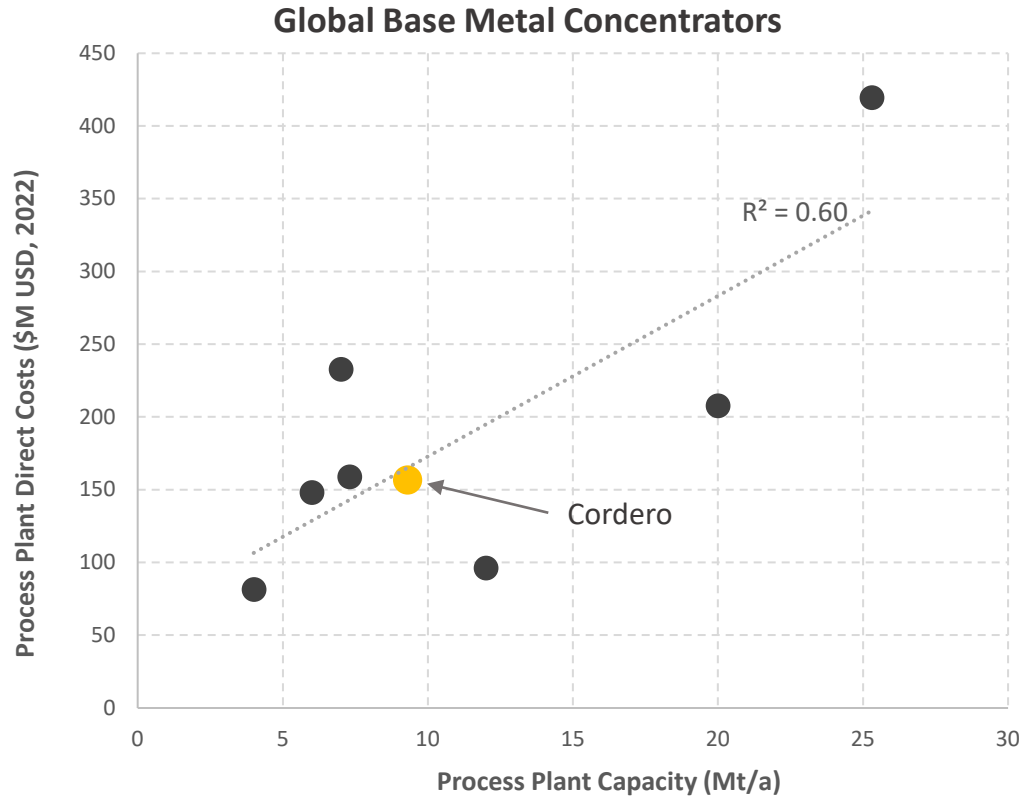
Mining: switch to owner mining

Inflation: cost escalation based on Q4 2022 quotes

Major cost decrease

Heap leach: elimination of heap leach based on positive flotation results from oxide-sulphide blending

Capex: Benchmarking



Capex efficiencies driven by:

Minimal early mine development/pre-strip

Minimal site development earthworks required due to flat topography

Conventional process design for the concentrator, based on a very coarse grind size

Phased expansion approach of process plant

Close proximity to existing infrastructure & no camp required

Source: Ausenco

Operations



2023 Resource Estimate

MATERIAL	CLASS	TONNES (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)
OXIDE	Measured	21	30	0.08	0.23	0.25	49	21	51	109	117	33
	Indicated	42	24	0.06	0.24	0.31	46	33	85	224	288	62
	M&I	63	26	0.07	0.24	0.29	47	54	136	333	405	95
	Inferred	36	18	0.04	0.28	0.37	43	21	40	216	292	49
SULPHIDE	Measured	250	23	0.08	0.33	0.57	55	185	604	1,824	3,132	439
	Indicated	403	18	0.04	0.27	0.56	46	228	524	2,387	4,947	598
	M&I	653	20	0.05	0.29	0.56	49	413	1,128	4,211	8,079	1037
	Inferred	109	13	0.02	0.21	0.38	33	46	82	510	923	118
TOTAL	Measured	271	24	0.08	0.32	0.55	55	206	655	1,933	3,249	472
	Indicated	445	19	0.04	0.27	0.54	46	261	609	2,611	5,235	660
	M&I	716	20	0.06	0.29	0.54	49	467	1,264	4,544	8,484	1,132
	Inferred	145	14	0.02	0.23	0.38	35	67	122	726	1,215	167

Mineral Resource Estimates are inclusive of Reserves

Net Smelter Return (NSR cut-off)

- NSR – Net revenue less treatment costs & refining charges
- Oxide & Sulphide resource cut-off: \$7.25/t

Pit constraint assumptions

- Ag - \$24.00/oz, Au - \$1,800/oz, Pb - \$1.10/lb, Zn - \$1.20/lb
- Recovery assumptions: Ag – 87%, Au – 18%, Pb – 89% and Zn – 88%. AgEq for sulphide mineralization and Ag – 59%, Au – 18%, Pb - 37% and Zn - 85% for oxide mineralization
- Operating costs: Mining costs of \$1.59/t for ore and waste, Processing costs of \$5.22/t and G&A costs: \$0.86/t

Mining: PFS Mine Plan

PFS mine plan

302Mt of ore

+70% of mill feed in Proven category in Y1 – Y5

2.1:1 strip ratio

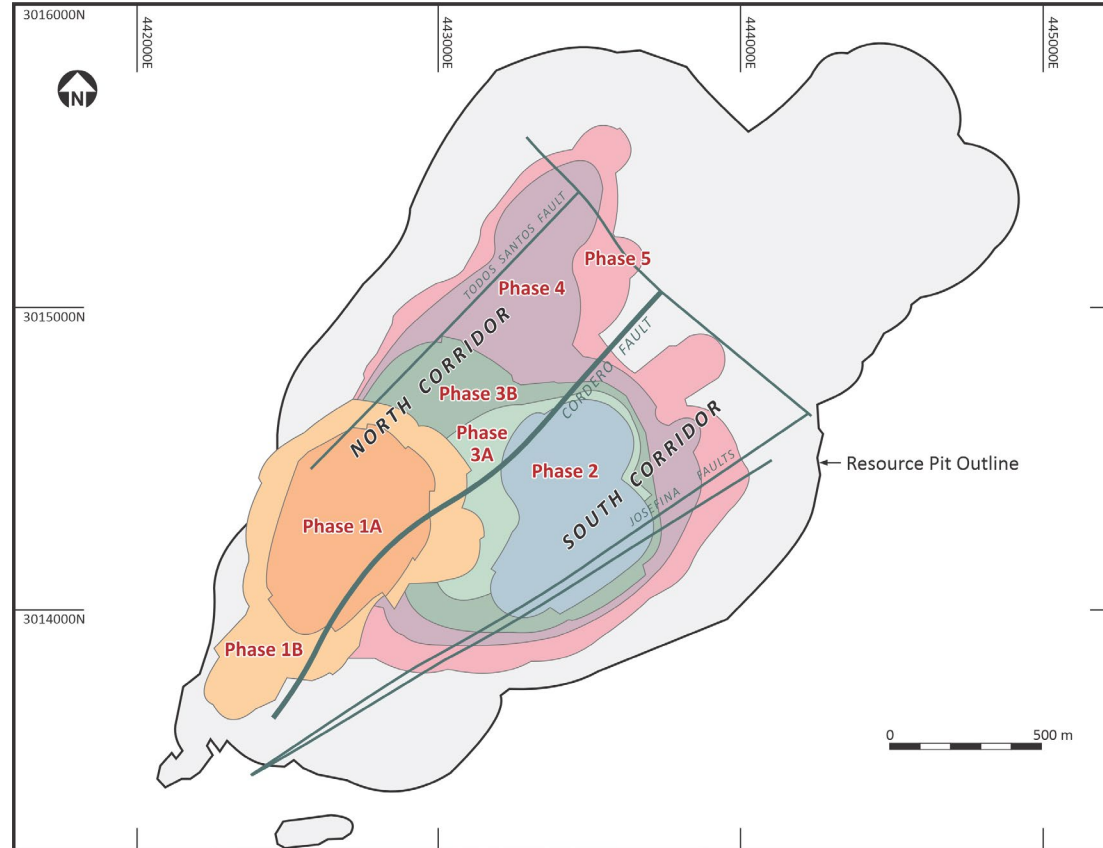
Steady mining rate of 60 – 70 Mt/a

Stockpiling of low-grade material over LOM

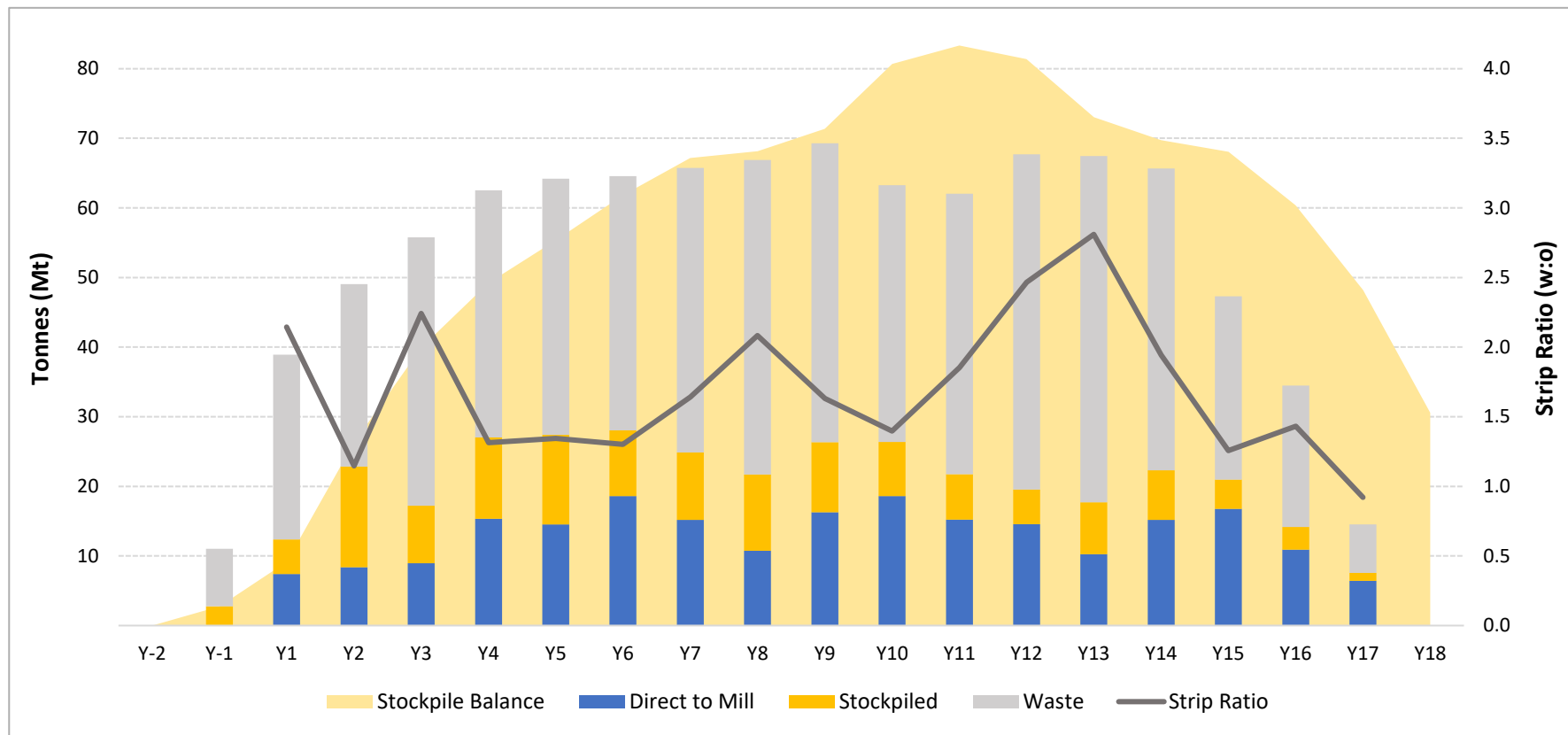
Mine life extension potential

279Mt of M&I Resource sits outside PFS pit but within Resource Pit

Resource Pit was run on: Ag - \$24/oz, Pb - \$1.10/lb, Zn - \$1.20/lb



Mining: PFS Mine Plan



PFS Process Design

Phase 1 – Initial Throughput

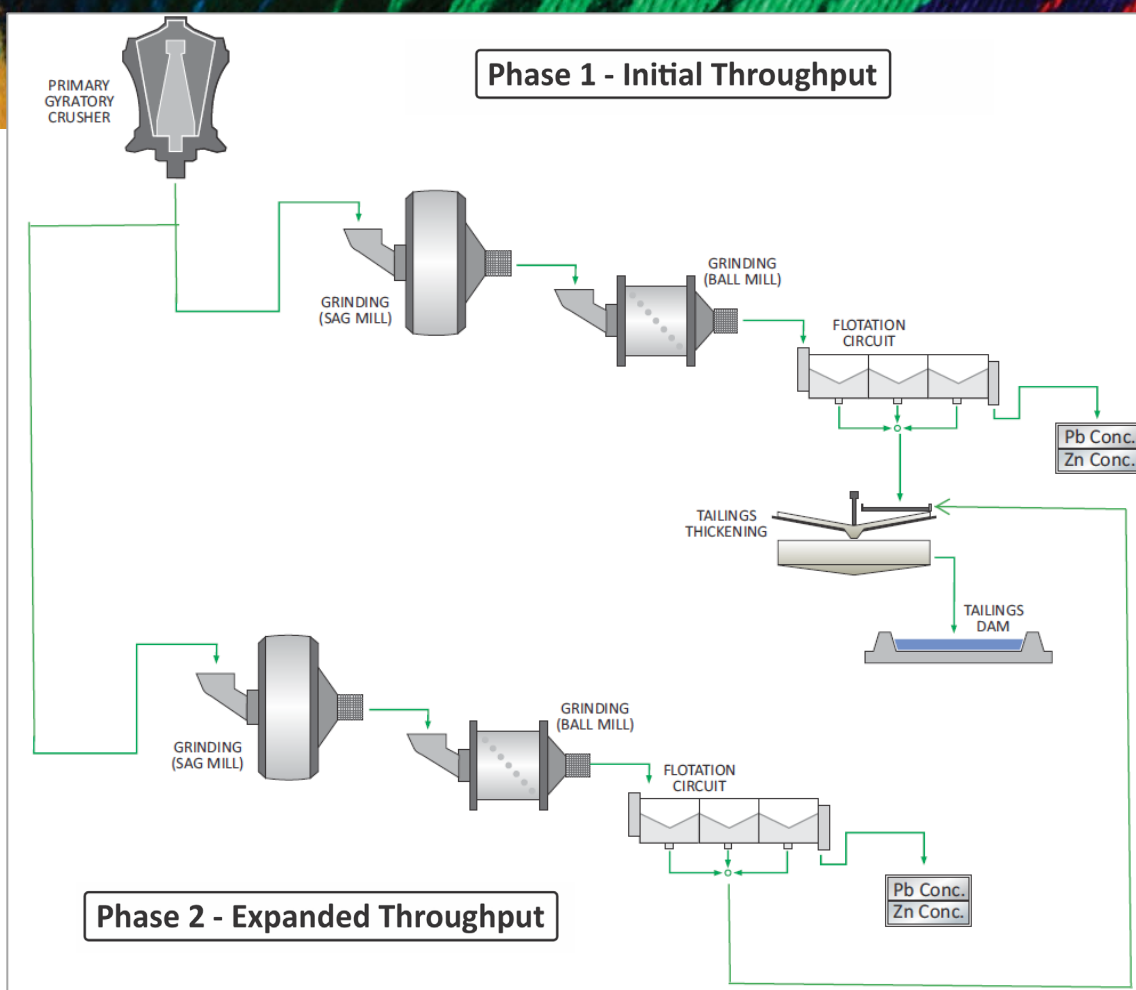
Throughput rate of 25,500 tpd

Process design streamlined with elimination of heap leach

Phase 2 – Expanded Throughput

Throughput rate of 51,000 tpd

Addition of parallel grinding & flotation circuits



Processing: LOM Process Schedule



Processing: Metallurgical Recoveries

	UNITS	PHASE 1				PHASE 2								LOM			
		Years 1 - 4				Years 5 - 12				Years 13 - 16							
		Ag	Au	Pb	Zn	Ag	Au	Pb	Zn	Ag	Au	Pb	Zn	Ag	Au	Pb	Zn
Average head grade	g/t or %	44	0.20	0.63	0.76	29	0.07	0.48	0.81	19	0.05	0.31	0.52	27	0.08	0.44	0.70
RECOVERIES																	
Recovered to Pb Con	%	77%	13%	89%	-	71%	13%	87%	7%	62%	13%	83%	-	70%	13%	86%	-
Recovered to Zn Con	%	13%	10%	-	86%	16%	10%	-	86%	20%	10%	-	84%	16%	10%	-	86%
Total Recoveries	%	90%	23%	89%	86%	87%	23%	87%	86%	82%	23%	83%	84%	86%	23%	86%	86%
CONCENTRATE GRADES																	
Pb Concentrate	g/t or %	3,546	2.57	58%	-	2,643	1.15	53%	-	2,129	1.17	45%	-	2,650	1.42	52%	-
Zn Concentrate	g/t or %	450	1.55	-	51%	338	0.49	-	51%	448	0.58	-	50%	373	0.66	-	51%

Note – recoveries were based on the 2022 metallurgical test program which included lock-cycle tests and examined metal recoveries to the silver-lead concentrate and the silver-zinc concentrate at varying head grades and varying rock type, rock type blends and oxide/sulphide blends

Note – Pb recovery in Zn concentrate and Zn recovery into Pb concentrate are not shown as they are not payable in these respective products. Misplacement of base metals in the concentrates is minor and not expected to be a problem for the smelters

Marketing: Concentrate Terms

Payabilities

	Ag	Au	Pb	Zn
Pb Concentrate				
Payable metal	95%	95%	95%	-
Minimum deduction	50 g/t	1 g/t	3 units	-
Zn Concentrate				
Payable metal	70%	70%	-	85%
Deduction	3 oz/t	1 g/t	-	-

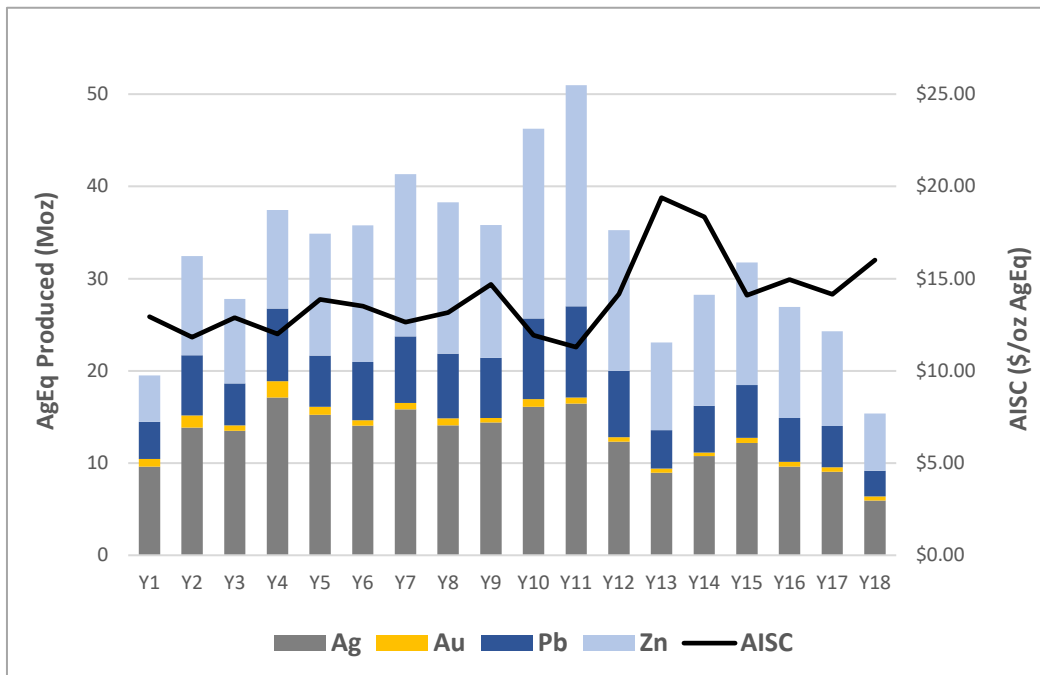
Treatment/Refining Charges

PARAMETER	UNITS	PFS COST	5-YEAR BENCHMARK AVERAGE
TREATMENT/REFINING CHARGES			
Treatment charge – Pb con	\$/dmt	\$130	~\$130
Treatment charge – Zn con	\$/dmt	\$210	~\$215
Ag refining charge – Pb con	\$/oz	\$1.20	~\$1.05

Concentrate Transportation

Pb con - \$140/wmt, Zn con - \$125/wmt (trucking to Guaymas + port handling + ocean freight)

Production & Costs: Metal Produced/Payable vs AISC



PERIOD	AVERAGE		TOTAL		AISC
	AgEq Produced (Moz)	AgEq Payable (Moz)	AgEq Produced (Moz)	AgEq Payable (Moz)	Co-product Basis (US\$/AgEq oz)
Years 1 - 4	30	25	118	102	\$12.29
Years 5 - 12	40	34	322	268	\$12.99
LOM	33	27	591	494	\$13.64

Note – Au/Pb/Zn production is shown on an AgEq basis based on: Ag = \$22/oz, Au = \$1,600/oz, Pb = \$1.00/lb and Zn = \$1.20/lb

AISC is calculated as [Operating costs (mining, processing and G&A) + Royalties + Concentrate Transportation + Treatment & Refining Charges + Concentrate Penalties + Sustaining Capital (excluding \$15M of capex for initial purchase of mine fleet in Y1)] / Payable AgEq ounces

Operating Costs



Operating Costs: Summary

ITEM	UNIT COST	LOM COST
Mining Cost	\$2.45 (\$/t mined)	\$2,286M
Processing Costs		
Phase 1 - 25.5ktpd	\$6.46 (\$/t processed)	\$1,929M
Phase 2 - 50ktpd	\$6.36 (\$/t processed)	
Site G&A		
Phase 1 - 25.5ktpd	\$1.06 (\$/t processed)	\$188M
Phase 2 - 50ktpd	\$0.57 (\$/t processed)	

Mining cost

Assumes owner-operated with lease financing

Diesel cost: \$0.65/t (assumes \$1.10/L vs \$1.00/L in PEA)

Processing cost

Generated from first principles by Ausenco

Sulphide processing costs benefit from coarse grind size & low power costs

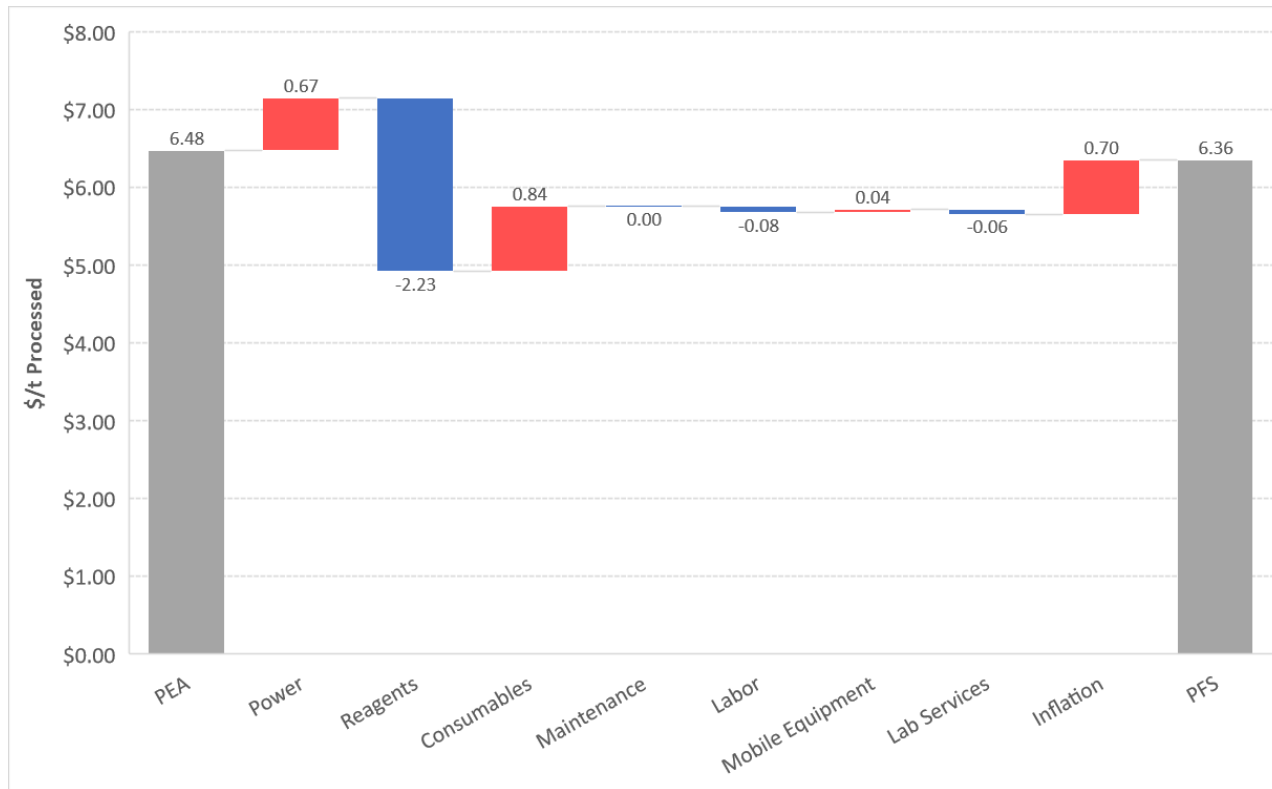
Power cost: \$2.25/t (assumes \$0.068/kWh vs \$0.062/kWh in PEA)

G&A costs

Generated from first principles by Ausenco

Costs assume small camp & administration office at site

Processing Costs: PFS vs PEA Comparison



Major cost increases

Power: higher consumption based on comminution testwork

Consumables: higher grinding media consumption + water costs

Inflation: cost escalation related to power, grinding media & reagents

Major cost decrease

Reagents: elimination of soda ash & reduction of MIBC

Operating Costs: Benchmarking

	Unit	CORDERO	COPPER MOUNTAIN		GIBRALTAR	MT. MILLIGAN	RED CHRIS	PINTO VALLEY
Commodity		Ag-Pb-Zn	Cu		Cu-Mo	Cu-Au	Au-Cu-Ag	Cu-Au-Ag
Location		Chihuahua, Mexico	BC, Canada		BC, Canada	BC, Canada	BC, Canada	Arizona, USA
Camp		N	N		N	Y	Y	N
Mill Throughput	(tpd)	51,000	45,000	65,000	85,000	63,000	30,000	56,000
Comminution (avg.)								
Grind Size	(micron)	200	165	165	350	175	170	-
Bond Work index (Bwi)	(kWh/t)	19	24	24	11	25	20	14
Operating Costs								
Mining	(US \$/t mined)	\$2.45	\$1.70	\$1.70	\$1.43	\$2.00	\$2.90	\$1.68
Processing	(US \$/t processed)	\$6.39	\$5.08	\$3.87	\$3.75	\$5.57	\$6.70	\$4.67
G&A	(US \$/t processed)	\$0.57	\$0.65	\$0.51	\$0.83	\$1.80	\$3.30	\$1.13
Source		2023 PFS	2022 LOM and 65ktpd Expansion Study		2022 Technical Report	2020 Technical Report	2021 Technical Report	2021 Technical Report

Benchmark group

Open pit + flotation plants with high throughput

Mining cost

Above benchmark group average

Process costs

Above benchmark group average

G&A costs

Below benchmark group average

Costs benefit from no camp & jurisdiction

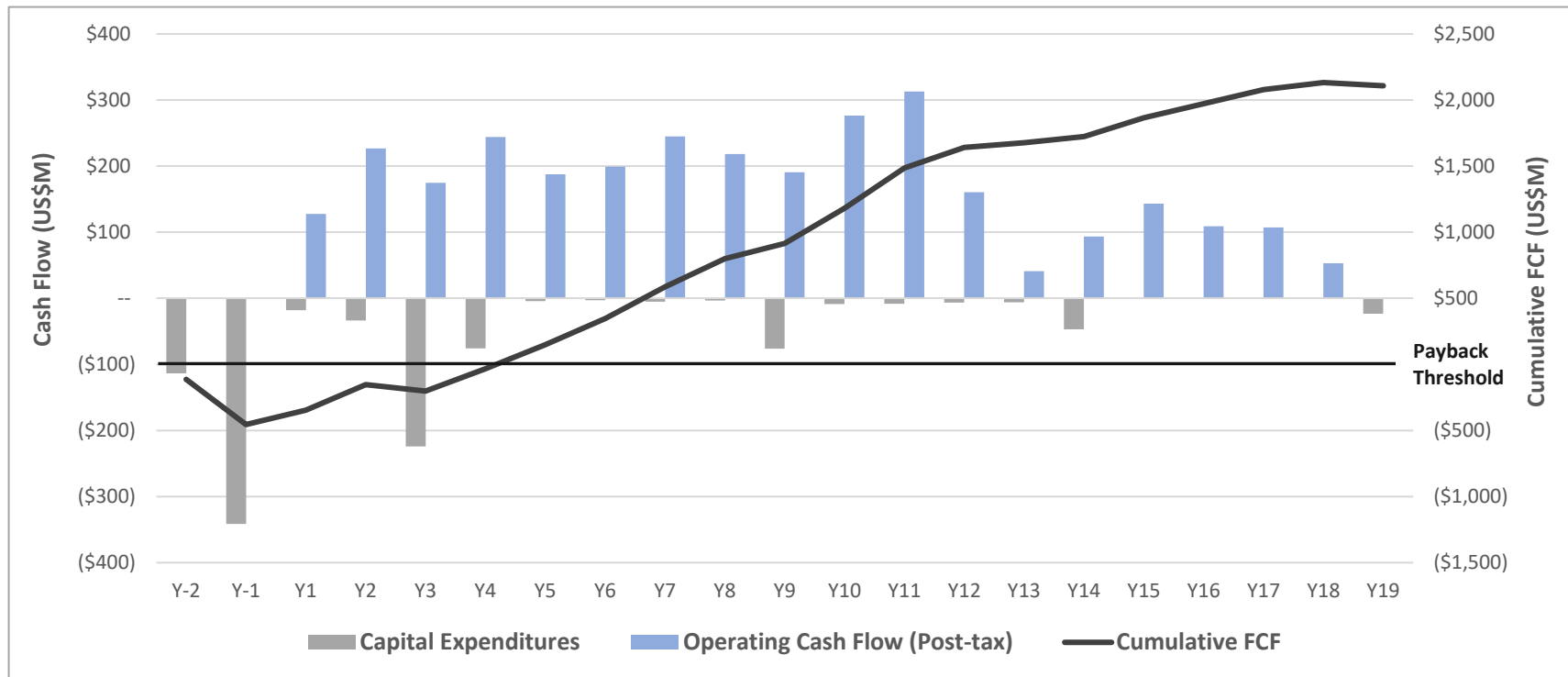
Project Economics

Commodity Price Sensitivity

NPV/IRR/Payback sensitivity to Ag/Zn prices: *(Fixed prices for Au = \$1,600/oz & Pb = \$1.00/lb)*

		Ag (\$/oz)														
		\$18.00			\$20.00			\$22.00			\$25.00			\$30.00		
		NPV (5%) (US\$M)	IRR (%)	Payback (yrs)	NPV (5%) (US\$M)	IRR (%)	Payback (yrs)	NPV (5%) (US\$M)	IRR (%)	Payback (yrs)	NPV (5%) (US\$M)	IRR (%)	Payback (yrs)	NPV (5%) (US\$M)	IRR (%)	Payback (yrs)
Zn (\$/lb)	\$1.05	638	19.3%	5.5	798	22.3%	5.0	958	25.2%	4.5	1,198	29.3%	3.9	1,599	36.0%	3.3
	\$1.10	703	20.3%	5.4	863	23.3%	4.8	1,023	26.1%	4.4	1,263	30.2%	3.9	1,664	36.8%	3.2
	\$1.20	832	22.4%	5.1	992	25.2%	4.6	1,153	28.0%	4.2	1,393	32.0%	3.7	1,794	38.4%	3.1
	\$1.30	962	24.3%	4.8	1,122	27.1%	4.3	1,282	29.7%	4.0	1,523	33.7%	3.6	1,923	40.0%	3.0
	\$1.45	1,156	27.1%	4.4	1,317	29.7%	4.1	1,477	32.3%	3.7	1,717	36.1%	3.4	2,118	42.3%	2.2

Project After-Tax Free Cash Flow (FCF)

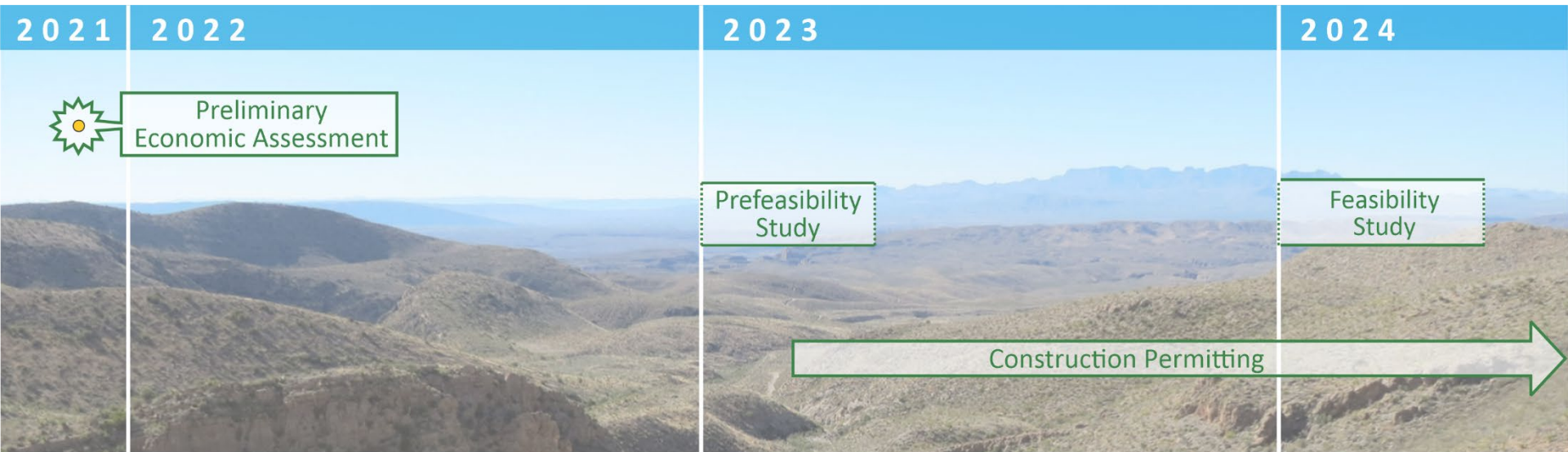


Cash flow assumes Base Case assumptions of Ag - \$22.00/oz, Au - \$1,600/oz, Pb - \$1.00/lb, Zn - \$1.20/lb

Looking Ahead



Project Timeline



Feasibility Study Opportunities

Metallurgical performance

Improve recoveries through optimizing rock type and oxide/sulphide blending

Mining

Target reduced mining costs through optimizing bench height & mine equipment sizing

Processing

Increase in throughput rates by optimizing process design
Additional comminution testwork to target reduced power & grinding media consumption
Target lower reagent consumption & reagent substitutions

Timing of mill expansion

Evaluate deferral of mill expansion to accelerate payback period

Tailings storage facility (TSF)

Optimization of the TSF design & water efficiency and recirculation

Mine life extension

+270Mt of M&I Resource sits outside of PFS pit but within Resource pit
FS will also be supported by an additional 30,000m of drilling

Appendix



2023 Mineral Reserve Estimate

MATERIAL	CLASS	TONNES (Mt)	GRADE				CONTAINED METAL			
			Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Ag (Moz)	Au (Moz)	Pb (Bib)	Zn (Bib)
OXIDE	Proven	8	34	0.08	0.28	0.29	9	0.02	0.05	0.05
	Probable	11	28	0.07	0.28	0.36	10	0.02	0.07	0.09
	Total P&P	19	31	0.07	0.28	0.33	19	0.04	0.12	0.14
SULPHIDE	Proven	156	29	0.1	0.46	0.69	144	0.5	1.57	2.38
	Probable	128	25	0.06	0.44	0.76	104	0.25	1.23	2.14
	Total P&P	284	27	0.08	0.45	0.72	248	0.75	2.79	4.52
TOTAL	Proven	164	29	0.1	0.45	0.67	153	0.52	1.63	2.42
	Probable	138	26	0.06	0.43	0.73	114	0.27	1.3	2.22
	Total P&P	302	27	0.08	0.44	0.7	266	0.79	2.94	4.65

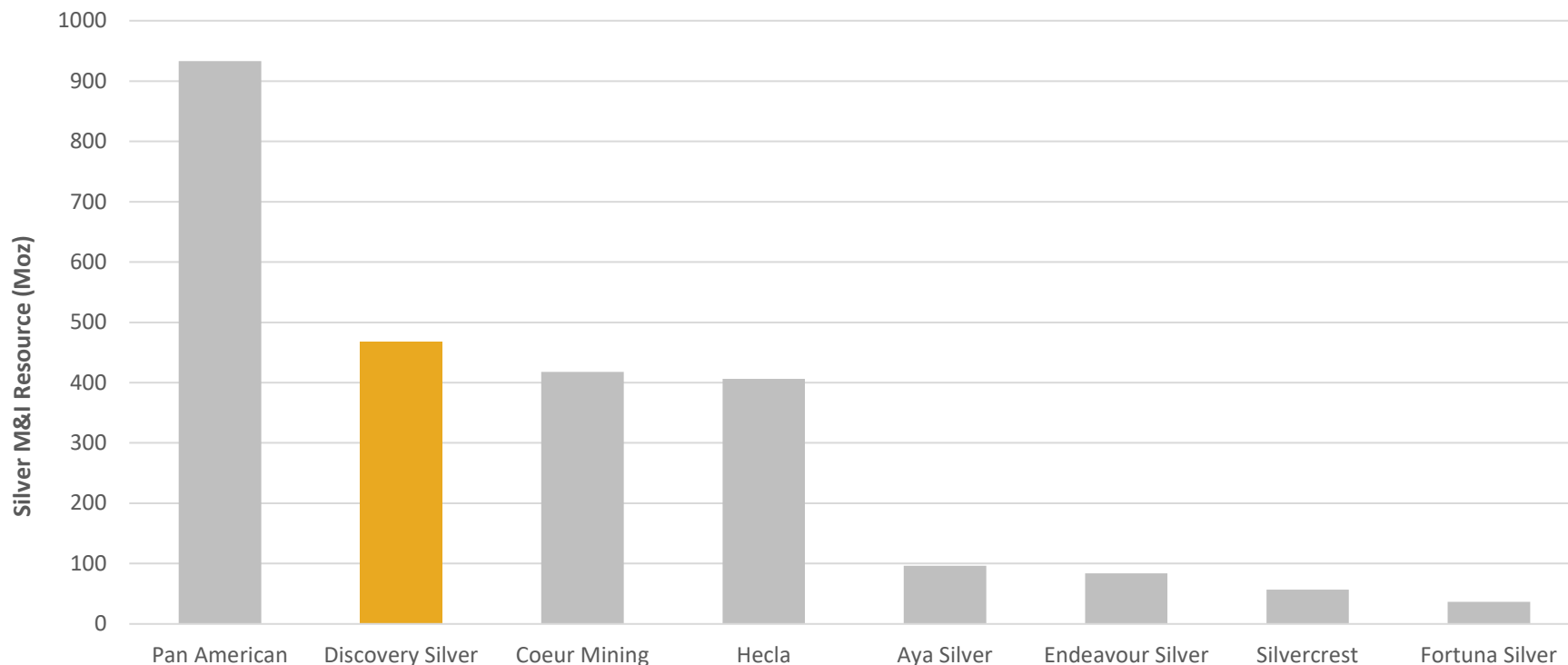
Net Smelter Return (NSR cut-off)

- NSR – Net revenue less treatment costs & refining charges
- Oxide & Sulphide NSR cut-off: \$10.00/t

Pit constraint assumptions

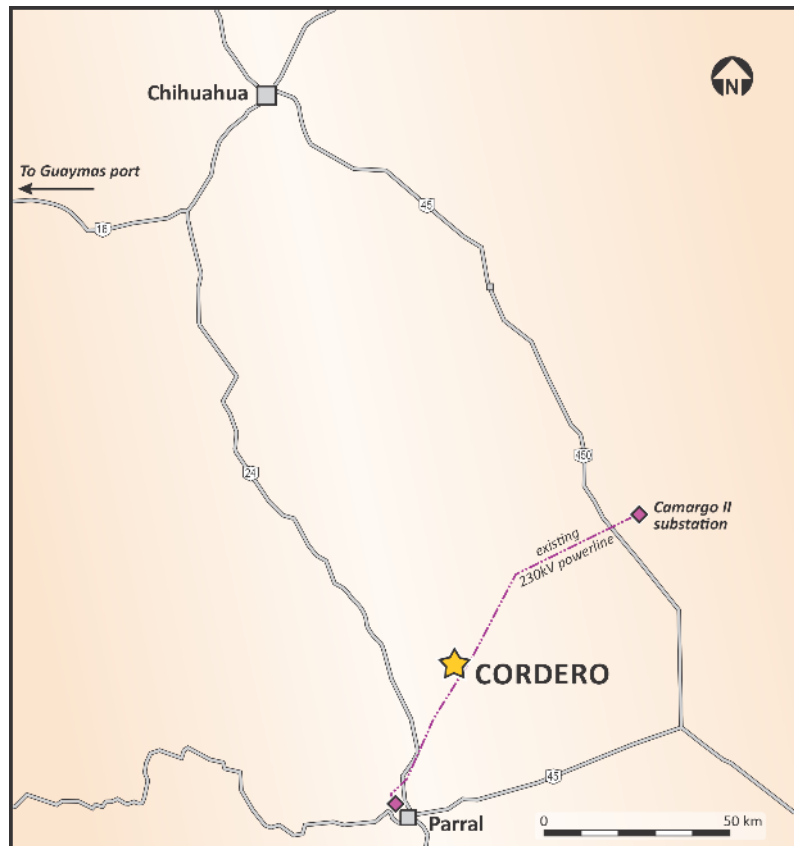
- Ag - \$20.00/oz, Au - \$1,600/oz, Pb - \$0.95/lb, Zn - \$1.20/lb
- Recovery assumptions were varied according to head grade and concentrate grades. Lead concentrate recoveries were approximately 82.5%, 12.6% and 91.8% for silver, gold, and lead respectively. Zinc concentrate recoveries were approximately 10.0%, 9.5% and 77.8% for silver, gold, and zinc respectively.
- Operating costs: The life-of-mine mining cost averaged US\$1.60/t mined, preliminary processing costs were US\$5.22/t ore and G&A was US\$0.89/t ore placed

Silver Producers – Silver M&I Resources



Source: Company reports

Regional Infrastructure



Power

Local substation 75 km to northeast

Major powerline adjacent to project

Roads

Local major roads/highways

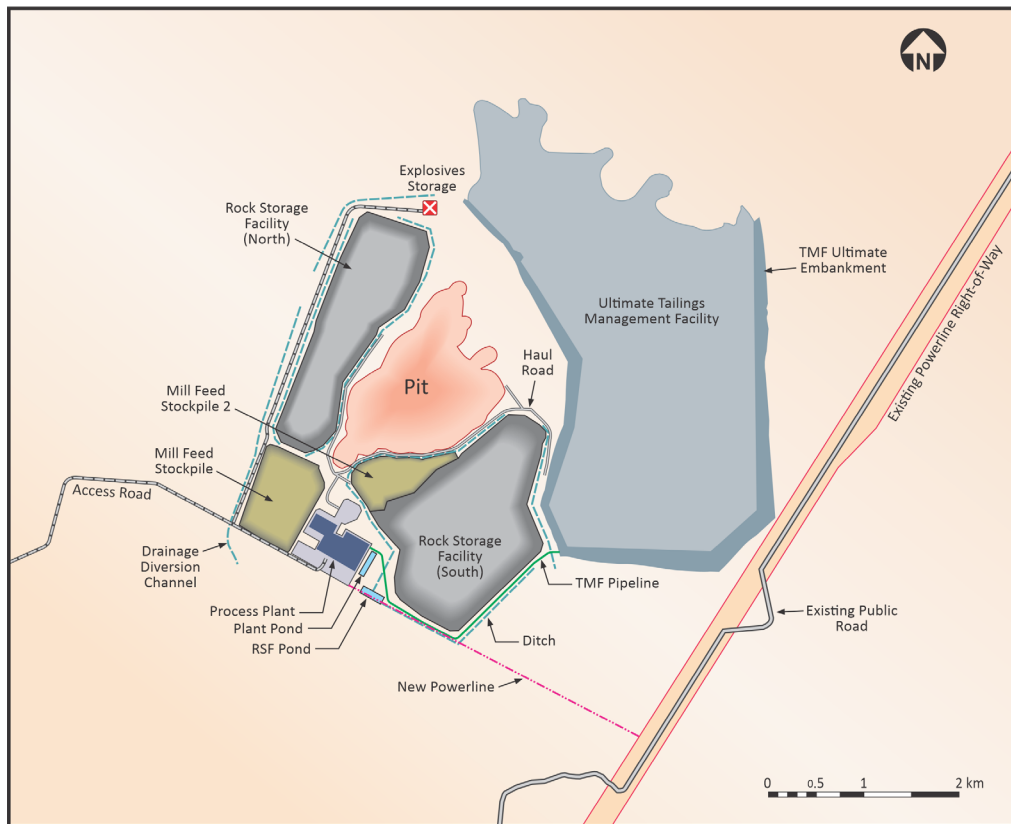
Concentrated to be trucked to Guaymas port in Sonora State

Local cities/towns

Chihuahua City – state capital, international airport

Parral – well-established service hub that supports local mining operations

Site Layout



Local Infrastructure

Project benefits from flat topography and nearby local power line and roads

Sections

Long Section A – A'

- North Corridor including Pozo de Plata & NE Extension

Long Section B – B'

- South Corridor

Cross Section C – C'

- Pozo de Plata – potential starter pit

Cross Section D – D'

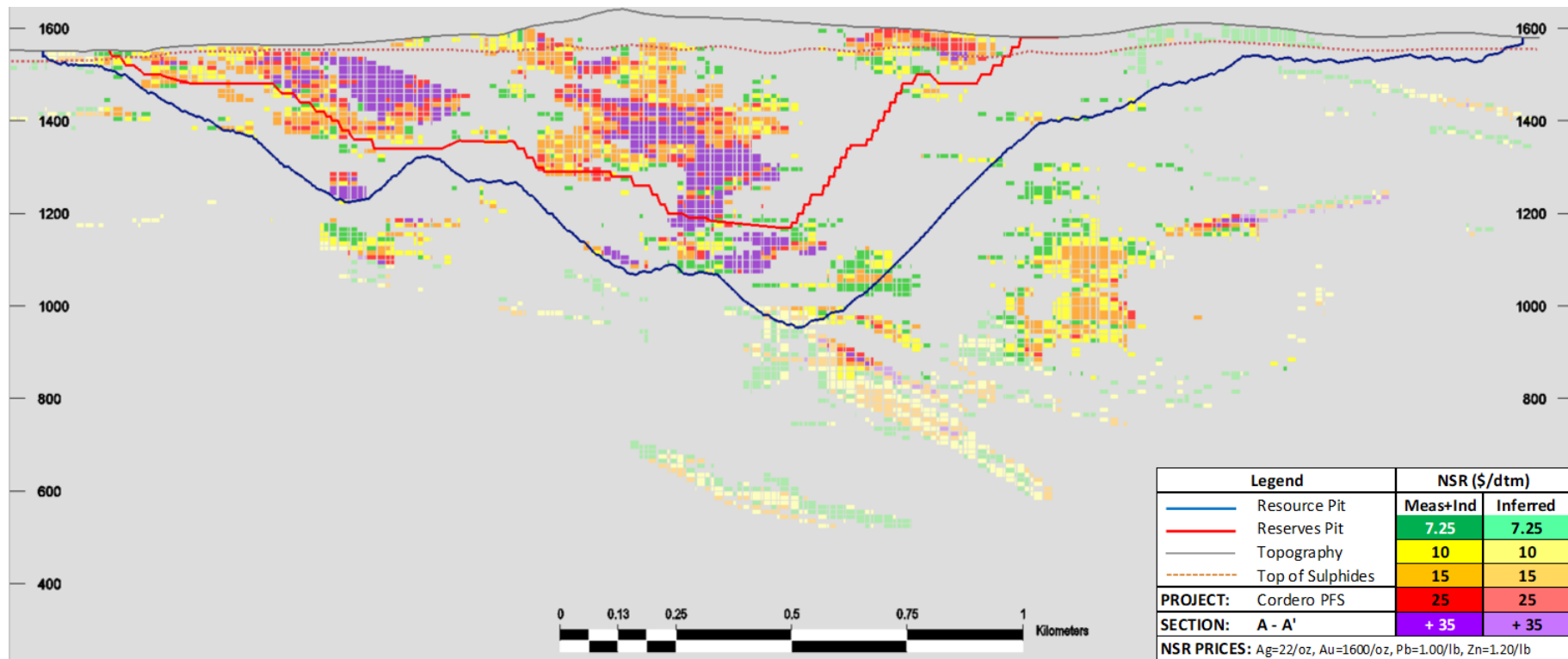
- NE Extension, South Corridor & Josefina

Cross Section E – E'

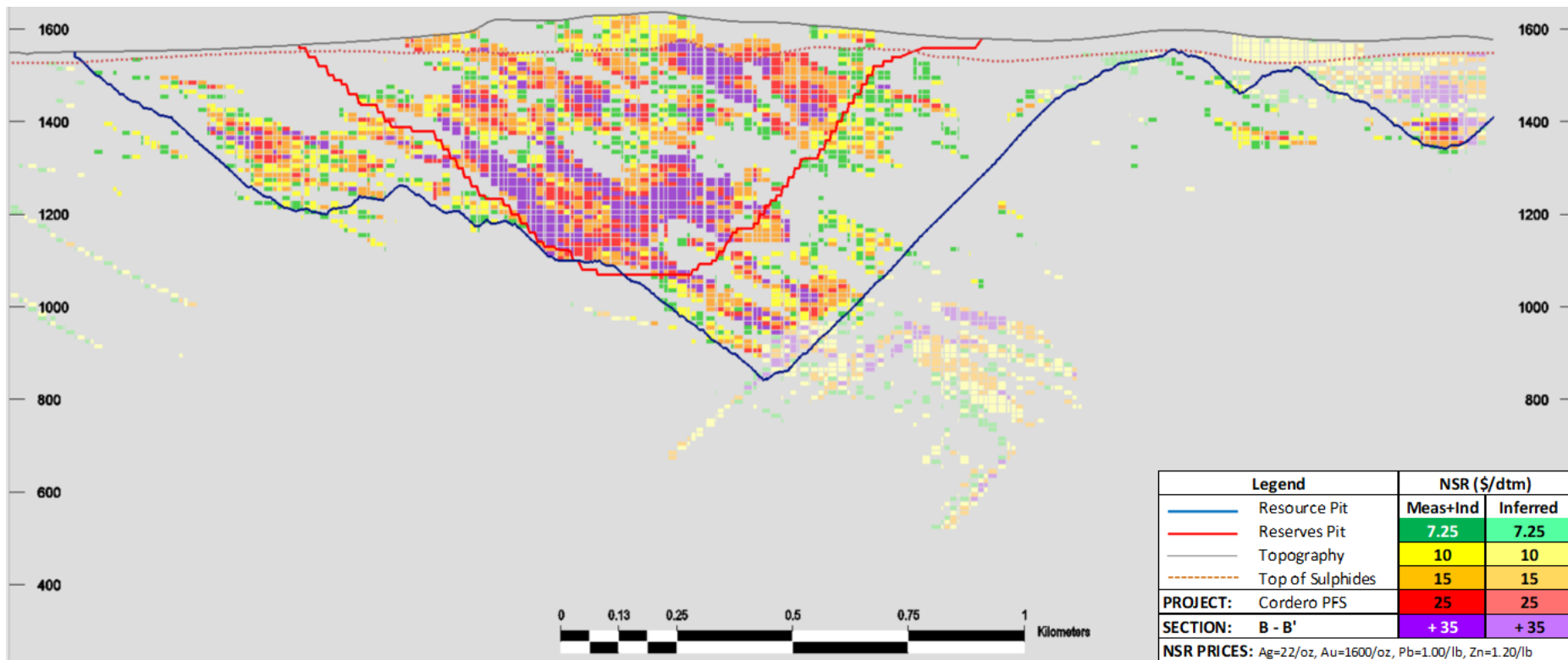
- NE Extension, South Corridor & Josefina



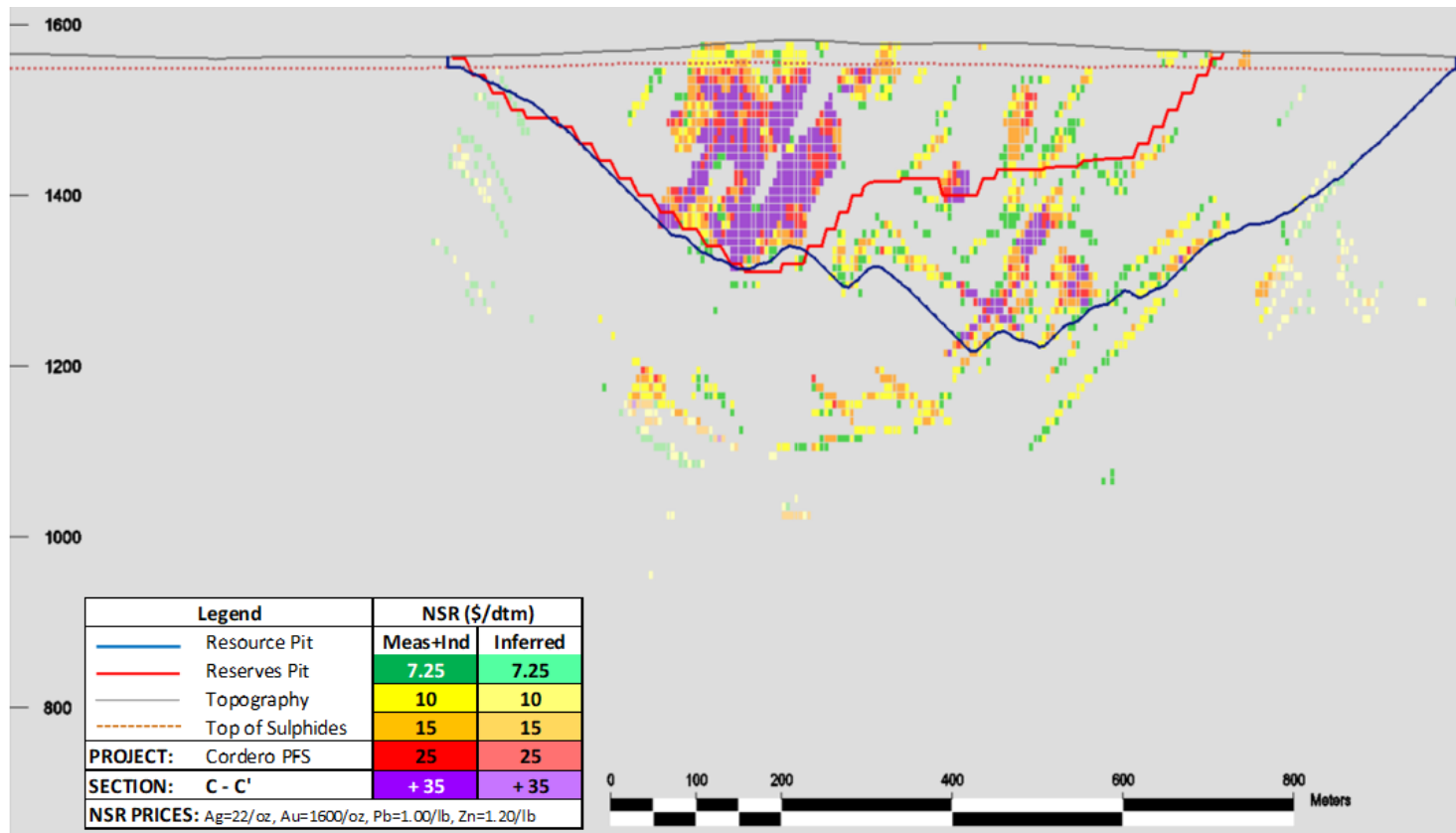
Long Section A - A'



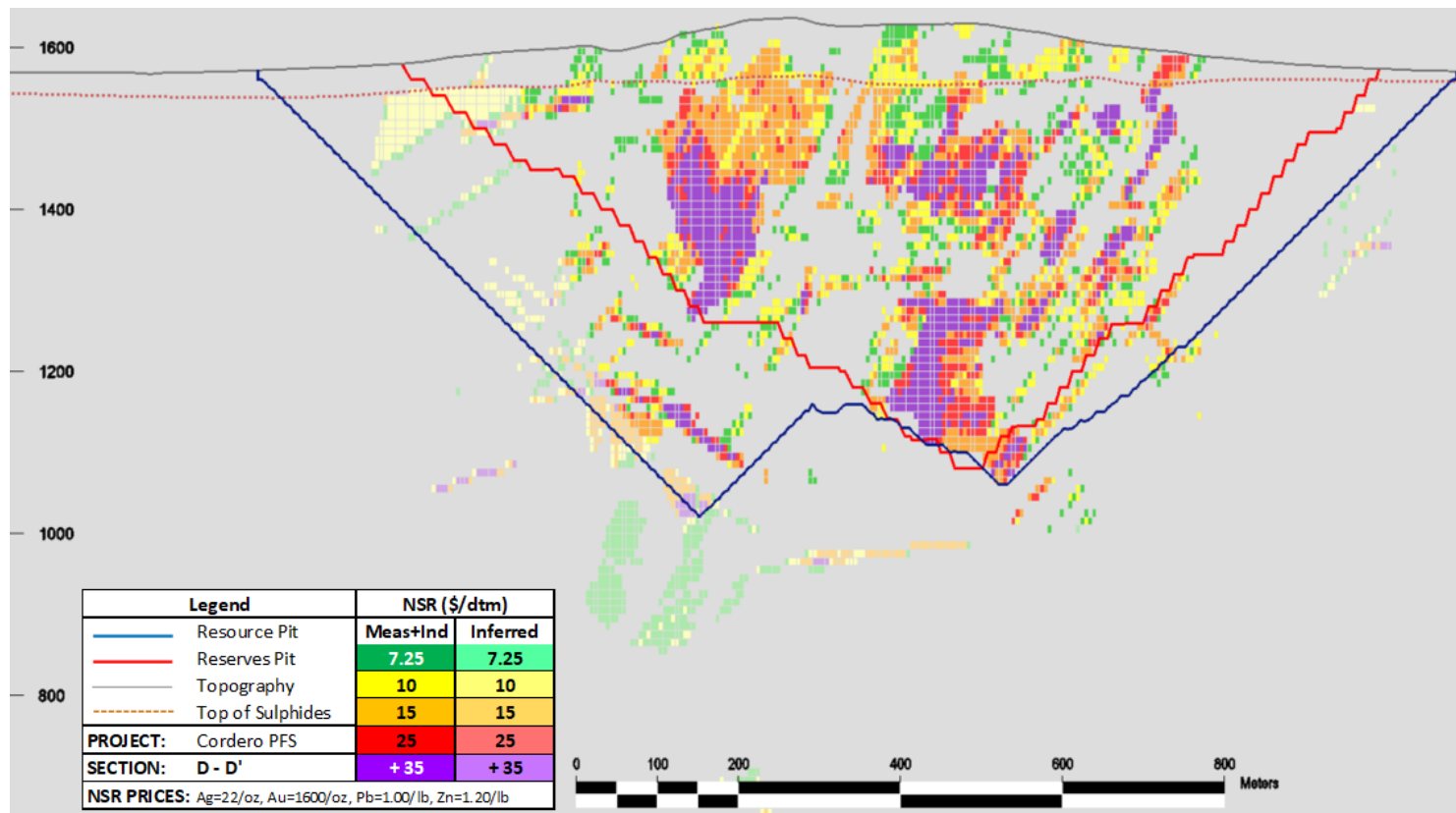
Long Section B – B'



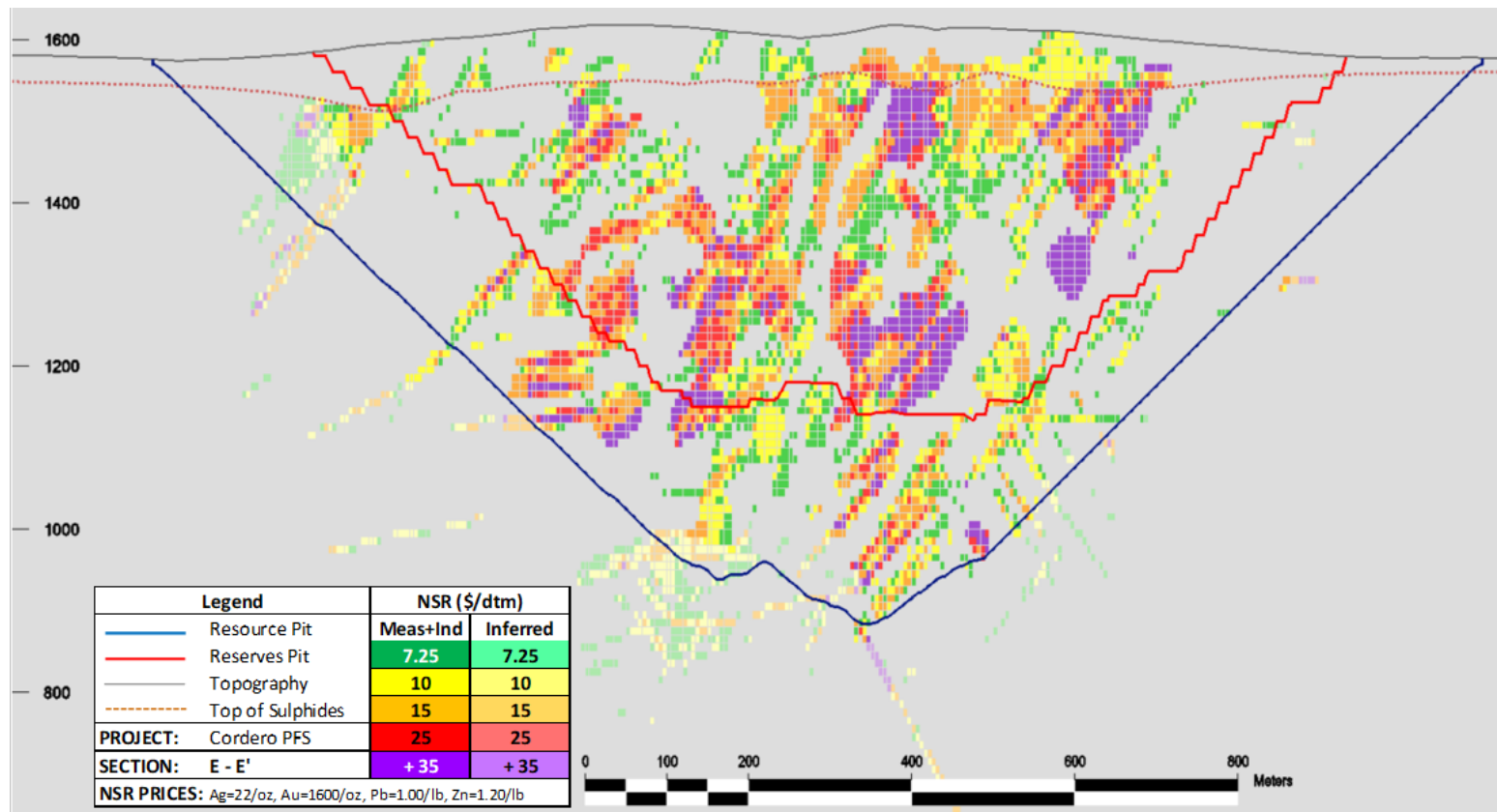
Cross Section C – C'



Cross Section D – D'



Cross Section E – E'



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