

# Discovery silver

# 2024

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS OF**

**DISCOVERY SILVER CORP.**

TO BE HELD ON MAY 15, 2024

**MANAGEMENT INFORMATION CIRCULAR**

DATED APRIL 5, 2024

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## DISCOVERY SILVER CORP.

## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that an annual meeting (the “**Meeting**”) of the shareholders (the “**Shareholders**”) of Discovery Silver Corp. (the “**Company**”) will be held at Bay Adelaide Centre – North Tower, 40 Temperance Street, Suite 3200, Toronto, Ontario, Canada, M5H 0B4 on Wednesday, May 15, 2024 at 11:00 a.m. (Toronto time) for the following purposes:

1. to receive and consider the audited consolidated financial statements of the Company as at and for the years ended December 31, 2023 and 2022, together with the report of the auditors thereon;
2. to appoint PricewaterhouseCoopers LLP, Chartered Professional Accountants as auditor of the Company and authorize the board of directors to fix their remuneration;
3. to elect the directors of the Company for the ensuing year; and
4. to consider and, if deemed appropriate, pass, with or without variation, a resolution to amend the Company’s restricted share unit plan, and deferred share unit plan;
5. to transact such further or other business as may properly come before the Meeting or any postponement(s) or adjournment(s) thereof.

This notice is accompanied by a form of proxy and the management information circular (the “**Circular**”). Your vote as a Shareholder is important. Shareholders who are unable to attend the Meeting are requested to complete, date, sign and return the enclosed form of proxy so that as large a representation as possible may be had at the Meeting.

The board of directors of the Company (the “**Board**”) has fixed the close of business on April 5, 2024, as the record date for the Meeting, being the date for the determination of the registered Shareholders entitled to notice and to vote at the Meeting and any adjournment or postponement thereof.

The Company has elected to use the “notice-and-access” mechanism provided for under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* to deliver the Meeting materials to Shareholders, including this Notice of Meeting of Shareholders and the Circular. This means that, rather than receiving paper copies of the Meeting materials in the mail, Shareholders as of the Record Date will have access to electronic copies of the Meeting materials at [www.meetingdocuments.com/TSXT/DSV](http://www.meetingdocuments.com/TSXT/DSV) and under the Company’s profile on the System for Electronic Document Analysis and Retrieval (“SEDAR+”) at [www.sedarplus.ca](http://www.sedarplus.ca).

**A Shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournment(s) or postponement(s) thereof in person are requested to complete, date, sign, and return the accompanying form of proxy for use at the Meeting or any adjournment(s) or postponement(s) thereof, in each case in accordance with the instructions contained in the Circular or on the form of proxy.** The Board has by resolution fixed 11:00 a.m. (Toronto time) on May 13, 2024, or 48 hours (excluding Saturdays, Sundays, and holidays) before any adjournment or postponement of the Meeting as the time by which proxies to be used or acted upon shall be deposited with the Company’s transfer agent, in accordance with the instructions set forth in the accompanying Circular and the form of proxy. The time limit for deposit of proxies may be waived or extended by the Meeting Chair at his or her discretion without notice.

DATED at Toronto, Ontario as of April 5, 2024.

BY ORDER OF THE BOARD

(Signed) “*Murray John*”  
Chair of the Board

If you are a Shareholder and receive these materials through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or other intermediary. Failure to do so may result in your shares not being eligible to be voted by proxy at the Meeting.

## LETTER TO SHAREHOLDERS

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April 5, 2024

To Our Fellow Shareholders,

Equity markets were challenging for junior mining companies in 2023, particularly those in the pre-development phase like Discovery Silver (“Discovery”). During the year, our focus remained on effectively managing our business, controlling costs and achieving further progress at our Cordero silver project (“Cordero” or the “Project”) in Chihuahua, Mexico. The results of our efforts, combined with a run up in the silver price, have contributed to a solid rebound in Discovery’s share price in 2024, which had increased 25% as of April 5th.

Our people in Mexico and Canada have done an outstanding job advancing Cordero. In just over two years, we have materially grown the deposit and de-risked the Project by acquiring land, identifying local water and power sources, advancing permitting and completing the feasibility study (“Feasibility Study” or the “Study”). Through this work, we have clearly established Cordero as a world-leading silver project.

During 2023, feasibility work included advancing engineering, design and metallurgical test work and completing additional diamond drilling with the results clearly demonstrating the potential to grow resources and reserves. We also advanced our sustainability program, performing impact assessment and social baseline studies leading to the submission of our Environmental Impact Statement (“Manifiesto de Impacto Ambiental” or “MIA”) in August. Extensive diligence went into completing the MIA, including third-party reviews by Mexican and international experts to ensure that Cordero will adhere to both Mexican regulatory standards and Equator Principles 4.

The release of the Feasibility Study results in February 2024 was a major milestone. The Study results position Cordero as one of the world’s largest undeveloped silver projects both in terms of reserves and expected annual production. Cordero will be a long-life project that generates attractive economic returns. Beyond that, Cordero is an important project for several reasons. First, as a future large-scale silver producer, it can play a key role in closing market deficits and supplying silver for high-growth sectors such as electric vehicles and solar energy. Second, the Project will deliver valuable benefits to Mexico by creating high-quality, high-paying jobs, investing in infrastructure as well as goods and services and generating tax revenue. Finally, Cordero is important for our industry because it will provide an example of how a large-scale mining project that is profitable, contributes to greater prosperity and meets the highest environmental standards, can be part of the solution when it comes to addressing ESG issues and achieving sustainability objectives in a world that increasingly needs metals and minerals.

Looking specifically at the Feasibility Study results, Cordero has a 19-year mine life with annual production averaging 37 million ounces (“Moz”) of silver equivalent (“AgEq”)<sup>1</sup> in concentrate in Years 1 to 12. Unit costs will be low, with all-in sustaining costs<sup>2</sup> over the first eight years averaging under US\$12.50 per AgEq ounce, placing it in the lowest half of the global cost curve. Cordero has a tier-one mineral reserve, with proven and probable reserves<sup>3</sup> of 302 Moz of silver, 840,000 ounces of gold, 3.0 billion pounds of lead and 5.2 billion pounds of zinc. A phased expansion approach to development contributes to high capital efficiency and attractive project economics. Initial development capital expenditures are estimated at US\$606 million. At US\$22 per ounce silver, the after-tax NPV5% (“NPV”) totals US\$1.2 billion and will almost double to US\$2.2 billion in Year 4 when Cordero reaches final completion to 51,000 tonnes per

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<sup>1</sup> Please see the Technical Disclosure section of the news release entitled, “Discovery Reports Fourth Quarter and Full-Year 2023 Financial Results” dated March 28, 2024, for more information related to AgEq production.

<sup>2</sup> Example of Non-GAAP measure. Please see the Financial Information and Non-GAAP Measures section of this Management Information Circular for more information.

<sup>3</sup> Proven and probable reserves are based on 327 million tonnes at average grades of 29 grams per tonne (“g/t”) silver, 0.08 g/t gold, 0.41% lead and 0.72% zinc.

day. The Project is highly leveraged to commodity prices, particularly silver, with a 10% increase in metal prices resulting in a 40% improvement in the Project NPV to over US\$1.6 billion.

For Mexico, Cordero will create 2,500 direct jobs during construction and over 1,000 direct jobs during operations. There will be investment in training and skills development to create expertise that will have multi-generational benefits. In addition, we will invest US\$4 billion in local purchasing, creating indirect jobs that will far exceed the level of direct employment creation. We will also be providing governments in Mexico with US\$1.4 billion in tax revenue to help fund their programs.

Included in the Project's capital expenditures are significant investments to upgrade the local water treatment plant and to increase the supply and reliability of power from the Camargo II substation. Water availability is a critical issue in Mexico. We plan to bring both infrastructure and technology to recycle wastewater from local communities. Treated water from the upgraded treatment plant will represent the primary source of water for the Project and will benefit the Parral community and surrounding area.

We fully recognize that earning a social license for Cordero means becoming a valued member of the community. This recognition is exhibited in the significant community investments we make in health, education and recreation. It is also demonstrated through the support we provide our people, including over 2,000 hours of safety, health and environmental training last year alone. Earning a social license is also a key driver of our goal to establish Cordero as an example of global best practice in the responsible development and operation of a large-scale, long-life open pit mine.

With this goal in mind, we have been honoured to receive a number of key awards and distinctions. In August 2023, we received the Quality Environmental Certification issued by PROFEPA, Mexico's Federal Attorney's Office for Environmental Protection. This certification recognizes companies that achieve full compliance with all environmental regulations. We also received the Socially Responsible Enterprise distinction from the Mexican Center for Philanthropy with a top 10% ranking as well as the Great Place to Work Certification, an internationally recognized distinction for companies creating an outstanding employee experience, with an overall score of 87%.

We filed our 2022 Environmental, Social and Governance Report (the "ESG Report") in July 2023, which highlighted over \$25 million of goods and services purchased from local Mexican businesses; \$6.7 million in salaries and benefits paid to local employees; a dedicated workforce comprised of 85% Mexican nationals; and zero environmental incidents and zero fatalities. Our 2023 ESG Report will be issued in the coming months and will show continued strong environmental and safety performance as well as further expansion of our financial commitment to the local Mexican economy.

Looking ahead, we look forward to building on the excellent results achieved to date and are highly optimistic about Cordero's future. Following release of the Feasibility Study, we are executing an extensive work program in 2024 (the "Program") aimed at further advancing and de-risking the Project. The Program includes: engineering work to enable ordering long lead-time items; additional permitting, with a target to submit the Change of Land Use ("Cambio de Uso de Suelo" or "CUS") during the third quarter; the acquisition or lease of additional surface rights where appropriate; and the continued exploration of key target areas. We will also continue our ESG work, including our community outreach program as we work through the permitting process.

We are also optimistic about the outlook for silver. According to the Silver Institute<sup>4</sup>, the silver market in 2024 will be in deficit for the fourth consecutive year. Annual silver demand for electric vehicles and solar has tripled over the last decade. Total annual silver demand has increased 15% over that period, while mine production of silver has declined by

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<sup>4</sup> See the Silver Institute's news release entitled, "Global Silver Demand Forecasted to Rise to 1.2 Billion Ounces in 2024" dated January 30, 2024, available at [www.silverinstitute.org](http://www.silverinstitute.org).

over 4%. Market fundamentals favour higher silver prices and we have already seen strong improvement this year, with spot silver increasing 15% to US\$27.40 per ounce as at April 5, 2024.

Finally, during 2023 key additions were made to our board and management team adding significant experience and expertise. Our ability to build the strength of Discovery's leadership is a direct result of the quality of the Cordero project and the outstanding work of our people to advance Cordero and demonstrate its position as a world-leading silver development project. We would like to thank our dedicated team of professionals for their efforts and look forward to working together, and with all local stakeholders, as we make further progress with our tier-one silver asset.



Tony Makuch  
President and Chief Executive Officer



Murray John  
Chair of the Board

## Table of Contents

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<b>MANAGEMENT INFORMATION CIRCULAR.....</b>	<b>1</b>
<b>ABOUT THE SHAREHOLDER MEETING .....</b>	<b>1</b>
SOLICITATION OF PROXIES .....	1
NOTICE-AND-ACCESS.....	1
INFORMATION REGARDING THE VOTING OF COMMON SHARES.....	2
Q&A ON VOTING .....	5
INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON.....	8
VOTING SECURITIES.....	8
PRINCIPAL HOLDERS.....	8
<b>BUSINESS OF THE MEETING.....</b>	<b>9</b>
PRESENTATION OF FINANCIAL STATEMENTS.....	9
APPOINTMENT OF AUDITOR .....	9
ELECTION OF DIRECTORS.....	10
AMENDMENT AND ADOPTION OF EQUITY COMPENSATION PLANS.....	18
SUMMARY OF PROPOSED AMENDMENTS TO RSU PLAN.....	20
SUMMARY OF PROPOSED AMENDMENTS TO DSU PLAN .....	20
<b>REPORT ON CORPORATE GOVERNANCE PRACTICES .....</b>	<b>21</b>
THE BOARD OF DIRECTORS.....	21
BOARD COMMITTEES .....	22
MEETINGS OF THE BOARD AND COMMITTEES OF THE BOARD .....	26
BOARD SKILLS MATRIX.....	26
BOARD DIVERSITY .....	27
BOARD ASSESSMENTS .....	28
BOARD CONTINUING EDUCATION.....	28
ETHICAL BUSINESS CONDUCT.....	29
SHARE OWNERSHIP POLICY.....	31
BOARD MANDATE.....	32
POSITION DESCRIPTIONS .....	32
NOMINATION OF DIRECTORS.....	32
<b>REPORT ON EXECUTIVE COMPENSATION .....</b>	<b>33</b>
COMPENSATION DISCUSSION AND ANALYSIS.....	33
PERFORMANCE GRAPH.....	34
SHARE-BASED AND OPTION-BASED AWARDS .....	35
COMPENSATION GOVERNANCE .....	35
SUMMARY COMPENSATION TABLE.....	37
INCENTIVE PLAN AWARDS.....	38
PENSIONS PLAN BENEFITS.....	40
TERMINATION AND CHANGE OF CONTROL BENEFITS .....	40
DIRECTOR COMPENSATION.....	44

<b>SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS .....</b>	<b>48</b>
<b>EQUITY COMPENSATION PLANS .....</b>	<b>49</b>
STOCK OPTION PLAN .....	49
RESTRICTED SHARE UNIT PLAN .....	51
DEFERRED SHARE UNIT PLAN .....	54
<b>ADDITIONAL MATTERS.....</b>	<b>56</b>
INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS.....	56
INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS .....	57
MANAGEMENT CONTRACTS.....	57
FINANCIAL INFORMATION AND NON-GAAP MEASURES.....	57
SCIENTIFIC AND TECHNICAL INFORMATION .....	58
ADDITIONAL INFORMATION.....	58
BOARD OF DIRECTORS' APPROVAL.....	58
<b>SCHEDULE A PROPOSED AMENDMENT TO RSU PLAN .....</b>	<b>A-1</b>
<b>SCHEDULE B PROPOSED AMENDMENT TO DSU PLAN.....</b>	<b>B-1</b>
<b>SCHEDULE C STOCK OPTION PLAN .....</b>	<b>C-1</b>
<b>SCHEDULE D BOARD OF DIRECTORS MANDATE.....</b>	<b>D-1</b>

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## MANAGEMENT INFORMATION CIRCULAR

### ABOUT THE SHAREHOLDER MEETING

#### SOLICITATION OF PROXIES

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You have received this management information circular (“Circular”) because you owned common shares (“Common Shares”) of Discovery Silver Corp. (“Discovery” or the “Company”) as at April 5, 2024. You are therefore entitled to attend and vote at the annual meeting of shareholders (the “Meeting”) to be held on Wednesday, May 15, 2024, and any adjournment or postponement thereof.

The board of directors of the Company (the “Board”) has fixed the close of business on April 5, 2024, as the record date for the Meeting, being the date for the determination of the Registered Shareholders (as defined below) entitled to receive notice of, and to vote at, the Meeting and any adjournment or postponement thereof (the “Record Date”).

Management is soliciting your proxy for the Meeting. The Board has fixed 11:00 a.m. (Toronto Time) on Monday, May 13, 2024, or 48 hours (excluding Saturdays, Sundays, or holidays) before any adjournment or postponement of the Meeting, as the time by which proxies to be acted upon at the Meeting must be deposited with the Company’s transfer agent, TSX Trust Company (“TSX Trust” or the “Transfer Agent”). The time limit for the deposit of proxies may be waived or extended by the Chair of the Meeting (the “Meeting Chair”) at his or her discretion without notice. It is expected that the solicitation will be primarily by email or telephone. Proxies may also be solicited personally by employees of the Company. Such employees will not receive any extra compensation for such activities. The cost of solicitation will be borne directly by the Company.

Unless otherwise stated, the information contained in this Circular is as of April 5, 2024. All dollar amounts referenced in this Circular, unless otherwise indicated, are expressed in Canadian dollars.

#### NOTICE-AND-ACCESS

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In accordance with National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“NI 54-101”), the Company has given notice of the Meeting in accordance with the “Notice-and-Access” procedures of NI 54-101 (“Notice-and-Access”), pursuant to which it has sent the Notice of Meeting and the proxy, but not this Circular, directly to its Registered Shareholders and NOBOs (as defined below). Arrangements have been made to forward proxy solicitation materials to the NOBOs.

Instead of mailing this Circular to Shareholders, this Circular is being made available to Shareholders at [www.meetingdocuments.com/TSXT/DSV](http://www.meetingdocuments.com/TSXT/DSV) and on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca), but has not been mailed to Shareholders. Shareholders may request, without any charge to them, a paper copy of the Circular (and the audited financial statements and related management’s discussion and analysis for the Company’s last financial year and any other documents referred to in the Circular) and further information on Notice-and-Access by contacting the Company as follows:

E-mail: [tsxt-fulfilment@tmx.com](mailto:tsxt-fulfilment@tmx.com)

Telephone: 1-866-433-6443 (toll free), +1-416-682-3801 (direct)

Mail: Suite 301 - 100 Adelaide Street West, Toronto, ON, M5H 4H1

Requests for paper copies of the Circular (and any other related documents) must be received by no later than 11:00 a.m. (Toronto time) on April 28, 2024 for Shareholders to receive paper copies of such documents and return their completed proxies by the deadline for submission of 11:00 a.m. (Toronto time) on May 13, 2024, or 48 hours (excluding Saturdays, Sundays, or holidays) before any adjournment or postponement of the Meeting.

## INFORMATION REGARDING THE VOTING OF COMMON SHARES

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### Voting

Each Registered Shareholder and each person representing a Registered Shareholder or Beneficial Shareholder through a proxy (a “**Proxyholder**”) will be entitled to one vote for each Common Shares held or represented, respectively. To approve an ordinary resolution proposed at the Meeting, a majority of the votes cast will be required. To approve a special resolution proposed at the Meeting, two-thirds (66 2/3%) of the votes cast will be required.

### Quorum

Quorum for the Meeting consists of one person present in person, being a shareholder entitled to vote at the Meeting, or a duly appointed proxy or Proxyholder for an absent shareholder so entitled.

### Registered Shareholders

Only shareholders registered as shareholders in the Company’s shareholder register maintained by the Transfer Agent or their duly appointed Proxyholders will be able to view a live webcast of the Meeting, ask the Board questions and submit votes in real time at the Meeting.

Every registered holder of Common Shares (“**Registered Shareholder**”) at the close of business on the Record Date is entitled to receive notice of, and to vote their Common Shares at, the Meeting.

A Registered Shareholder may attend and vote at the Meeting. Registered Shareholders who are unable to attend the Meeting and who wish to ensure that their Common Shares will be voted at the Meeting are requested to either:

- (i) complete, sign and deliver the enclosed form of proxy c/o Proxy Department, TSX Trust Company, P.O. Box 721, Agincourt, ON M1S 0A1; or
- (ii) complete the proxy by voting online by entering your 13-digit control number at [www.meeting-vote.com](http://www.meeting-vote.com).

If you are a Registered Shareholder, to ensure your vote is counted, you should complete and return the enclosed form of proxy as soon as possible even if you plan to attend the Meeting. Even if you return a form of proxy, you can still attend and vote at the Meeting, in which case you will need to instruct the scrutineer at the Meeting to cancel your proxy.

In order to be valid and acted upon at the Meeting, forms of proxy must be received at the aforesaid address or voted online not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Meeting or any adjournment or postponement thereof. Further instructions with respect to voting by proxy are provided in the form of proxy and below.

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## Beneficial Shareholders

Shareholders may beneficially own Common Shares through (i) brokers, securities dealers, banks, trust companies, trustees or administrators of a self-administered registered retirement savings plan, registered retirement income fund, registered education savings plan and similar plans, or their respective agents and nominees (“**Intermediaries**”); or (ii) in the name of a clearing agency (such as CDS & Co., the registration name for The Canadian Depository for Securities Limited or CEDE & Co., the registration name for The Depository Trust Company) of which the Intermediary is a participant (“**Beneficial Shareholders**”). Beneficial Shareholders will not be recognized, nor may they make motions or vote at the Meeting, except as described below. Without specific instructions, Intermediaries are prohibited from voting Common Shares for their clients.

Additionally, there are two kinds of Beneficial Shareholders: (a) those who object to their name being made known to the issuers of securities which they own, known as Objecting Beneficial Owners (“**OBOs**”); and (b) those who do not object to their name being made known to the issuers of securities which they own, known as Non-Objecting Beneficial Owners (“**NOBOs**”). Canadian NOBOs will receive a Voting Instruction Form (“**VIF**”) with a 12-digit control number while the remaining Beneficial Shareholders will receive a VIF with a 16-digit control number.

NI 54-101 requires Intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. In accordance with the requirements of NI 54-101, the Company has distributed copies of the Notice of Meeting, this Circular and the form of proxy to the Intermediaries and clearing agencies for onward distribution to Beneficial Shareholders. Intermediaries are required to forward these materials to Beneficial Shareholders unless the Beneficial Shareholder has waived the right to receive them.

The Company is not sending proxy-related materials directly to NOBOs. Management of the Company does not intend to pay for Intermediaries to forward to OBOs under NI 54-101 the proxy-related materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary*. An OBO will not receive the materials unless the OBO’s Intermediary assumes the cost of delivery.

Beneficial Shareholders will be sent a VIF by their Intermediary with the Circular. This form will instruct the Intermediary as to how to vote the Common Shares at the Meeting. **If you are a Beneficial Shareholder, it is vital that the VIF provided to you by TSX Trust, your broker, intermediary, or its agent is returned according to the instructions provided in or with such form, sufficiently in advance of the deadline specified, to ensure that they are able to provide voting instructions on your behalf.**

Most Intermediaries in Canada and the United States of America delegate responsibility for obtaining instructions from clients to a third-party company (or, if the Beneficial Shareholder has so consented, allows the Company or its Transfer Agent to do so directly) which sends a machine-readable VIF to Beneficial Shareholders and asks the Beneficial Shareholders to return the VIF to them or provide voting instructions to them. The third-party company (or the Company or its Transfer Agent, if it has sent the VIF to the Beneficial Shareholder directly) then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting.

The VIF supplied to a Beneficial Shareholder by its Intermediary or the Company or its Transfer Agent is substantially similar to the form of proxy provided directly to Registered Shareholders; however, it is limited to instructing the Registered Shareholder (that is, the Intermediary) how to vote on behalf of the Beneficial Shareholder.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of their Intermediary, the Beneficial Shareholder may attend the Meeting as Proxyholder for the Intermediary and indirectly vote the Common Shares in that capacity. **Beneficial Shareholders wishing to attend the Meeting and indirectly vote their Common Shares as their own Proxyholder, must enter their own names in the blank space on the VIF provided to them and return the VIF in accordance with the instructions provided on it.**

**If a Beneficial Shareholder receives a VIF and does not wish to attend the Meeting as a Proxyholder, the VIF must be returned, or instructions respecting the voting of Common Shares must be communicated, to the third-party company (or the Company or its Transfer Agent) in advance of the Meeting to have the Common Shares voted in accordance with the instructions on that VIF.**

Shareholders with questions respecting the voting of Common Shares held through an Intermediary should contact that Intermediary for assistance.

### Appointment of Proxyholders

The persons named in the accompanying form of proxy as Proxyholders are directors or officers of the Company. **A shareholder has the right to appoint a person (who need not be a shareholder) to attend and act on the shareholder's behalf at the Meeting other than the persons named in the form of proxy as Proxyholders. To exercise this right, the shareholder must strike out the names of the persons named in the form of proxy as Proxyholders and insert the name of the shareholder's nominee in the space provided or complete another form of proxy and submit the form of proxy. If you appoint and register a non-management Proxyholder, please ensure that they attend the Meeting for your vote to count.**

The Common Shares represented by the form of proxy will be voted or withheld from voting in accordance with the instructions of the shareholder on any ballot. A shareholder completing the enclosed form of proxy may indicate the manner in which the persons named in the form of proxy are to vote with respect to any matter by marking an 'X' in the appropriate space. On any poll required or requested, those persons will vote or withhold from voting the Common Shares in respect of which they are appointed in accordance with the directions, if any, given in the form of proxy provided such directions are certain.

If a shareholder wishes to confer a discretionary authority with respect to any matter, then the space should be left blank. **If you appoint the Company's Proxyholders and do not indicate your voting instructions, they will vote your Common Shares FOR all of the matters to be acted upon at the Meeting.**

**The enclosed form of proxy, when properly signed, confers discretionary authority with respect to amendments or variations to the matters identified in the Notice of Meeting.** At the date of this Circular, management of the Company is not aware of any amendments or variations that are to be presented at the Meeting. If, however, any such amendments or variations should properly come before the Meeting, the proxies hereby solicited will be exercised in accordance with the best judgement of the Proxyholders.

To be valid, the form of proxy must be dated and signed by the shareholder or the shareholder's attorney duly authorized in writing. In the case of a corporation, the form of proxy must be dated and executed under its corporate seal or signed by a duly authorized officer of, or attorney for, the corporation.

**The completed proxy, together with the power of attorney or other authority, if any, under which it was signed or a notarially certified copy thereof, must be deposited with the Transfer Agent, TSX Trust, in accordance with its instructions and before the time set out in the form of proxy. Proxies received after such time may be accepted or**

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rejected by the Meeting Chair in the Meeting Chair's discretion. Beneficial Shareholders must deliver their completed proxies in accordance with the instructions given by the Intermediary that forwarded the form of proxy to them.

### Revocation of Proxies

Shareholders have the power to revoke proxies previously given by them. Revocation of proxies by Registered Shareholders can be effected by an instrument in writing (which includes a form of proxy bearing a later date) signed by a shareholder or the shareholder's attorney duly authorized in writing (in the case of a corporation, such instrument must be executed under its corporate seal or signed by a duly authorized officer or attorney for the corporation) which is either delivered to TSX Trust at Proxy Department, P.O. Box 721, Agincourt, Ontario, M1S 0A1, Canada any time up to and including the close of business on the last business day preceding the day of the Meeting, or any adjournment or postponement thereof, or deposited with the Meeting Chair prior to the hour of commencement on the day of the Meeting.

A Beneficial Shareholder who has submitted a proxy may revoke it by contacting the Intermediary through which the Beneficial Shareholder's Common Shares are held and following the instructions of the Intermediary respecting the revocation of proxies.

**If you vote on a ballot, you will be revoking any, and all, previously submitted proxies. If you DO NOT wish to revoke your previously submitted proxies, do not vote at the Meeting.**

### Q&A ON VOTING

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**Q: What am I voting on?**

A: Holders of Common Shares are voting on the appointment of the Company's auditor, the election of the directors of the Company, and the amendments to the Company's restricted share unit plan, and deferred share unit plan, all as further described below under "*Business of the Meeting*".

**Q: Who is entitled to vote?**

A: Holders of Common Shares at the close of business on April 5, 2024, are entitled to vote at the Meeting. Each Common Share entitles the holder to one vote.

**Q: Am I a registered shareholder or a non-registered shareholder?**

A: You are a Registered Shareholder if you hold Common Shares registered in your own name. See above "*Registered Shareholders*" for more information. You are a non-registered or Beneficial Shareholder if you hold Common Shares that are registered in the name of an Intermediary (a bank, trust company, securities dealer or broker, director or administrator of a self-administered RRSP, RRIF, RESP, TFSA or similar plan) or a depository, such as CDS Clearing and Depository Services Inc. See above "*Beneficial Shareholders*" for more information. Canadian NOBOs will receive a VIF with a 12-digit control number directly from the Company, while the remaining Beneficial Shareholders will receive a VIF with a 16-digit control number from their Intermediary.

**Q: If I am a Registered Shareholder, how do I vote?**

A: If you are a Registered Shareholder, you may vote at the Meeting or you may sign the form of proxy or VIF sent to you, appointing the named persons or some other person you choose, to represent you as a Proxyholder and

vote your Common Shares at the Meeting. Whether or not you plan to attend the Meeting in person, you are requested to vote. If you wish to vote by proxy you should complete the form of proxy and return it based on the instructions set out on page 2 above.

Registered Shareholders can vote in one of the following ways:

<b>Internet</b>	Go to <a href="http://www.meeting-vote.com">www.meeting-vote.com</a> . Enter the 13-digit control number printed on the form of proxy or VIF and follow the instructions.
<b>Mail</b>	Enter voting instructions, sign the form of proxy and send your completed form of proxy to: TSX Trust Company, Attn: Proxy Department P.O. Box 721, Agincourt, ON M1S 0A1
<b>Fax</b>	Enter voting instructions, sign the form of proxy and send your completed form of proxy to: 416-595-9593
<b>Attend the Meeting</b>	If you are a Registered Shareholder, you can attend and vote at the Meeting. Do not fill out and return your form of proxy if you intend to vote at the Meeting.

**Q: If I am a Beneficial Shareholder, how do I vote?**

A: In accordance with the requirements of applicable securities law, the Company will distribute copies of the notice package to the depository and to Intermediaries who in turn distribute to Beneficial Shareholders. Accordingly, included in your package you will have received from your Intermediary a VIF for the number of Common Shares you beneficially own. You should follow the instructions you have received from your Intermediary and contact your Intermediary promptly if you need assistance.

You are not required to attend the Meeting; however, you are requested to vote your Common Shares. The Company has limited access to the names of its Beneficial Shareholders. If you plan to attend and vote at the Meeting, the Company may have no record of your shareholdings unless your Intermediary has appointed you as Proxyholder. Accordingly, you must insert your name in the space provided on the VIF and return it as set out in the instructions provided to you.

Beneficial (Canadian OBO or US NOBO/OBO) Shareholders can vote in one of the following ways:

<b>Internet</b>	Go to <a href="http://www.proxyvote.com">www.proxyvote.com</a> . Enter the 16-digit control number printed on the VIF and follow the instructions on screen.
<b>Phone</b>	<i>Canadian OBO Shareholders:</i> 1-800-474-7493 (English) 1-800-474-7501 (French) <i>US NOBO/OBO Shareholders:</i> 1-800-454-8683 You will need to enter your 16-digit control number. Follow the interactive voice recording instructions to submit your vote.

<b>Fax</b>	<i>Canadian OBO Shareholders:</i> Enter voting instructions, sign the VIF and fax your completed form to: 905.507.7793 or 514.281.8911.
<b>Attend the Meeting</b>	Insert your name in the space provided on the VIF and return it as set out in the instructions provided to you. These instructions include the additional step of registering with TSX Trust after submitting the VIF. Failure to register with TSX Trust in advance of the proxy cut-off time will result in you not receiving a control number that is required for you to vote at the Meeting. To register a proxyholder, you MUST complete and return the “Request For Control Number Form”, which can be found at <a href="http://tsxtrust.com/resource/en/75">http://tsxtrust.com/resource/en/75</a> , to TSX Trust by emailing <a href="mailto:tsxtrustproxyvoting@tmx.com">tsxtrustproxyvoting@tmx.com</a> , so that TSX Trust may provide you with a control number via email.  Once you have a control number, you may then attend the Meeting.

**Q: Who is soliciting my proxy?**

A: Proxies are being solicited by management of the Company and the associated costs are borne by the Company. The solicitation is being done primarily by sending you proxy materials by email or mail and by posting this Circular on the Company’s website at [www.discoverysilver.com](http://www.discoverysilver.com) and under the Company’s profile on the System for Electronic Document Analysis and Retrieval (“SEDAR+”) at [www.sedarplus.ca](http://www.sedarplus.ca).

**Q: When is the deadline for me to vote by proxy?**

A: Regardless of whether you submit your vote by mail, fax or online, you must submit your vote by no later than 11:00 a.m. (Toronto Time) on Monday, May 13, 2024, or 48 hours (excluding Saturdays, Sundays, or holidays) before any adjournment or postponement of the Meeting. Further instructions with respect to voting by proxy are provided in the form of proxy and above. The time limit for deposit of proxies may be waived or extended by the Meeting Chair at his or her discretion without notice.

**Q: Who counts the votes?**

A: The Transfer Agent, TSX Trust Company, counts and tabulates the votes.

**Q: If I need to contact TSX Trust, how do I reach them?**

A: For general shareholder inquiries you can contact TSX Trust directly by mail at 301 – 100 Adelaide Street West, Toronto ON, M5H 4H1 or by telephone, toll free in North-America at 1-800-387-0825 or by fax at 416-682-3860 or on its website at [www.tsxtrust.com](http://www.tsxtrust.com).

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## INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

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Other than with respect to the election of directors and the proposed amendments to the RSU Plan (as defined below) and the DSU Plan (as defined below), no (a) director or executive officer of the Company who has held such position at any time since January 1, 2023; (b) proposed nominee for election as a director of the Company; or (c) associate or affiliate of a person in (a) or (b), has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

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## VOTING SECURITIES

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The authorized capital of the Company consists of an unlimited number of Common Shares. As at April 5, 2024, the Record Date, the Company had 396,639,715 Common Shares issued and outstanding as fully paid and non-assessable shares, each share carrying the right to one vote. The Company is also authorized to issue an unlimited number of preferred shares of which there were none outstanding as of the Record Date.

Holders of Common Shares of record at the close of business on the Record Date will be entitled to one vote for each Common Share held. Only those shareholders of record as of the Record Date will be entitled to vote at the Meeting or any adjournment or postponement thereof.

The Company will prepare a list of shareholders as of the Record Date. Holders of Common Shares named on that list will be entitled to vote the Common Shares then registered in their name at the Meeting (unless prohibited from voting by applicable regulatory authorities on a particular matter to be considered at the Meeting) except to the extent that the holder has transferred ownership of any of the Common Shares after the Record Date and the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that the transferee owns the Common Shares, and demands at any time before the Meeting that the transferee's name be included in the list of persons entitled to vote at the Meeting. In that case the transferee will be entitled to vote their Common Shares at the Meeting or any postponement or adjournment thereof.

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## PRINCIPAL HOLDERS

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To the knowledge of the directors and executive officers of the Company, as of the date of this Circular, other than as set out below, no person or company beneficially owns, directly or indirectly, or exercises control or direction over voting securities carrying more than 10% of the voting rights attached to the Common Shares.

2176423 Ontario Ltd. (a company beneficially owned by Mr. Eric Sprott) beneficially owns and exercises control or direction over an aggregate 89,531,054 Common Shares, representing approximately 22.6% of the Company's issued and outstanding Common Shares as of the Record Date.

Jupiter Investment Management Limited ("Jupiter") indirectly holds and exercises control or direction over (through certain investment funds managed by it) an aggregate of 44,520,696 Common Shares, representing approximately 11.3% of the issued and outstanding Common Shares as of the Record Date.

## BUSINESS OF THE MEETING

### PRESENTATION OF FINANCIAL STATEMENTS

The audited consolidated financial statements of the Company as at and for the years ended December 31, 2023, and 2022, and the report of the auditor thereon will be tabled at the Meeting but no vote by the shareholders with respect thereto is proposed to be taken. The audited consolidated financial statements of the Company and the related Management's Discussion and Analysis ("MD&A") for the years ended December 31, 2023 and 2022, are available under the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and on the Company's website at [www.discoverysilver.com](http://www.discoverysilver.com).

### APPOINTMENT OF AUDITOR

At the Meeting, shareholders will be asked to consider and, if deemed appropriate, pass an ordinary resolution to appoint the firm of PricewaterhouseCoopers LLP ("PwC"), Chartered Professional Accountants, of Toronto, Ontario to serve as auditor of the Company until the next annual meeting of shareholders and to authorize the directors of the Company to fix the auditor's remuneration, subject to approval by the Audit Committee.

The following table discloses the aggregate fees billed to the Company by its external auditor during the financial year ended December 31, 2023, and the financial year ended December 31, 2022.

Year Ended	Audit Fees <sup>(1)</sup>	Audit Related Fees <sup>(2)</sup>	Tax Fees <sup>(3)</sup>	All Other Fees <sup>(4)</sup>
December 31, 2023	\$215,297	Nil	\$18,680	Nil
December 31, 2022	\$203,745	Nil	\$16,927	\$18,136

**Notes:**

- (1) "Audit Fees" refer to the aggregate fees billed by the Company's external auditor for audit services, including fees incurred in relation to quarterly reviews, procedures in connection with securities filings, and statutory audits.
- (2) "Audit-Related Fees" refer to the aggregate fees billed for assurance and related services by the Company's external auditor that are reasonably related to the performance of the audit or review of the Company's financial statements and not reported under Audit Fees.
- (3) "Tax Fees" refer to the aggregate fees billed for the professional services rendered by the Company's external auditor for tax compliance.
- (4) "All Other Fees" refer to the aggregate fees billed for products and services provided by the Company's external auditor, other than the services reported under (1), (2), and (3), above.

All fees for any services provided by PwC are subject to pre-approval by the Audit Committee.

For further information with respect to the Company's auditor, please see the Company's Annual Information Form for the year ended December 31, 2023, available under the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and on the Company's website at [www.discoverysilver.com](http://www.discoverysilver.com).

To be effective, the resolution approving the appointment of PwC, to serve as auditor of the Company until the next annual meeting of shareholders and authorizing the directors to fix the auditor's remuneration, subject to approval by the Audit Committee, must be approved by not less than a majority of the votes cast by shareholders present in person or represented by proxy and entitled to vote at the Meeting.

**The Board unanimously recommends that shareholders vote in favour of the appointment of PricewaterhouseCoopers LLP, to serve as auditor of the Company until the next annual meeting of shareholders.**

**Unless authority to do so is withheld, the persons named in the enclosed form of proxy intend to vote FOR the appointment of PricewaterhouseCoopers LLP, to serve as auditor of the Company until the next annual meeting of shareholders and to authorize the directors to fix the auditor's remuneration, subject to approval by the Audit Committee.**

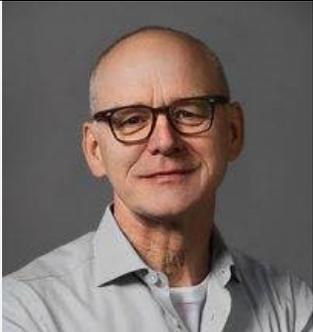
## **ELECTION OF DIRECTORS**

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The Board presently consists of seven directors and the intention is that at the Meeting seven directors be elected for the ensuing year. Management does not contemplate that any of the nominees will be unable to serve as a director of the Company, but if that should occur for any reason prior to the Meeting, it is intended that discretionary authority shall be exercised by the persons named in the accompanying form of proxy to vote for the election of any other person or persons in place of any nominee or nominees unable to serve. Each director elected will hold office until the next annual meeting of shareholders of the Company, or any adjournment or postponement thereof, unless his or her office is earlier vacated or until his or her successor is elected or appointed.

**The Board unanimously recommends that shareholders vote in favour of the election of the seven nominees listed below. Unless authority to do so is withheld, the persons named in the enclosed form of proxy intend to vote FOR the election of the seven nominees whose names are set forth below.**

Information about each individual to be nominated for election as a director is set out below. This information includes their respective principal occupations or employment, residence, directorships with other reporting issuers, and the number of securities of the Company which each nominee beneficially owns, directly or indirectly, or over which control or direction is exercised as of the date of this Circular. In addition, set out below is the value of securities held by each nominee, based on the closing price of the Company's shares on the Toronto Stock Exchange ("TSX") as of the Record Date, being \$0.95, assuming a vesting and/or exercise date as of the Record Date for all convertible/exchangeable securities. The information pertaining to the nominees presented below, not being within the direct knowledge of the Company, has been provided by the respective nominee.

MURRAY JOHN			
INDEPENDENT CHAIR			
British Columbia, Canada			
		<p>Mr. John currently serves as Chair of Prime Mining Corp. and is a Director of Osisko Gold Royalties Ltd. Prior to his retirement in December 2014, he was the President and CEO of Dundee Resources Limited and Managing Director and a Portfolio Manager with Goldman &amp; Company, Investment Counsel Inc., where he was responsible for managing Private Equity resource and precious metals focused mutual funds and flow-through limited partnerships. He is also a former director of several other public companies including Breakwater Resources Ltd., Dundee Precious Metals Inc., and Osisko Mining Inc and O3 Mining Inc. Mr. John is a mining engineer and has been involved with the resource investment industry since 1992 working as an investment banker, buy-side mining analyst, sell-side mining analyst, and portfolio manager.</p>	
<p>Director since June 27, 2017 Age: 65</p>			
<b>Principal Occupation</b>		Retired mining engineer, investment fund manager and mining industry executive	
<b>Other Public Board Directorships</b>		Osisko Gold Royalties Ltd. Prime Mining Corp.	
<b>Securities Held</b>		<b>Board and Committee Memberships</b>	<b>2023 Attendance</b>
Common Shares	1,500,000	Board	8 of 8 (100%)
Share Value	\$1,425,000	Audit Committee	4 of 4 (100%)
DSUs	366,005	Compensation Committee	6 of 6 (100%)
DSU Value	\$347,705	Nominating and Corporate Governance Committee	5 of 5 (100%)
Stock Options (#)	1,200,000	Technical Committee <sup>(1)</sup>	N/A
Stock Option Value	\$58,000		
<b>TOTAL VALUE</b>	<b>\$1,830,705</b>		

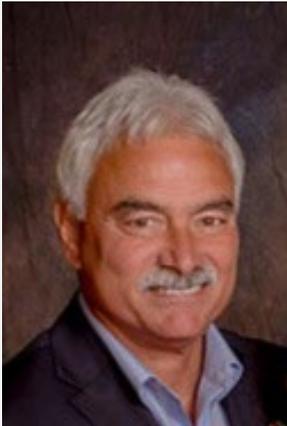
<sup>(1)</sup> The Technical Committee of the Board was formed in 2024.

JEFFREY PARR INDEPENDENT Ontario, Canada			
 <p>Director since June 27, 2017 Age: 67</p>		<p>Mr. Parr serves as Vice Chair of the Board of Agnico Eagle Mines Limited. Prior to the merger of the two companies Mr. Parr served as the Chairman of the Board for Kirkland Lake Gold (2019 to 2022) and preceding that, Independent Director from 2014 to 2019. He has over 30 years of executive leadership experience in the mining and related industries. Mr. Parr joined Centerra Gold Inc. in 2006 as VP Finance and was appointed Chief Financial Officer in 2008 where he served until his retirement in 2016. Mr. Parr was also the Chief Financial Officer for Acres International for nine years. From 1988 to 1997 he held progressively senior financial positions at WMC International (a subsidiary of Western Mining Corporation) with responsibility for operations and exploration in the Americas. He ultimately served as the Company's Executive Vice President. Mr. Parr is a Chartered Professional Accountant (CPA, CA 1984) and obtained the ICD.D designation from the Institute of Corporate Directors (2018). He holds a Master of Business Administration (McMaster University) and a Bachelor of Arts in Economics (University of Western Ontario).</p>	
<b>Principal Occupation</b>		Retired Mining Executive, Corporate Director	
<b>Other Public Board Directorships</b>		Agnico Eagle Mines Limited	
<b>Securities Held</b>		<b>Board and Committee Membership</b>	<b>2023 Attendance</b>
Common Shares	555,454	Board	8 of 8 (100%)
Share Value	\$527,681	Audit Committee	4 of 4 (100%)
DSUs	366,005	Compensation Committee	6 of 6 (100%)
DSU Value	\$347,705		
Stock Options (#)	1,500,000		
Stock Option Value	\$199,500		
<b>TOTAL VALUE</b>	\$1,074,886		

MOIRA SMITH INDEPENDENT Nevada, U.S.A.			
		<p>Dr. Smith is a Corporate Technical Advisor to Liberty Gold Corp, former Vice-President Exploration and Geoscience with Liberty Gold., former President of Pilot Gold USA Inc. and former Chief Geologist, Nevada, for Fronteer Gold. Dr. Smith has been overseeing the exploration program at Black Pine in Idaho and was instrumental in the successful advancement of Long Canyon, Fronteer Gold’s flagship project. She developed an understanding of the geology and controls on mineralization at Long Canyon and built the geological model for ongoing exploration and resource growth. Prior to Fronteer Gold, she served as U.S. Exploration Manager, Senior Geologist and Project Manager for Teck Resources Ltd., where she managed exploration programs for several high-profile, advanced-stage projects throughout the Americas, including the 5.5 million ounce Pogo gold deposit, now in production; the 1.5 billion tonne Petaquilla Cu-MoAu porphyry deposit in Panama; and the 3.5 million ounce El Limon gold deposit in Mexico. Dr. Smith has a Ph.D. in geology from the University of Arizona and is a P.Geol. (British Columbia). She has held board or executive positions with numerous industry associations and is a Fellow and recent President of the Society of Economic Geologists.</p>	
Director since June 26, 2019 Age: 62			
<b>Principal Occupation</b>		Corporate Technical Advisor for Liberty Gold Corp.	
<b>Other Public Board Directorships</b>		N/A	
<b>Securities Held</b>		<b>Board and Committee Membership</b>	<b>2023 Attendance</b>
Common Shares	965,000	Board	8 of 8 (100%)
Share Value	\$916,750	Sustainability Committee	4 of 4 (100%)
DSUs	366,005	Technical Committee <sup>(1)</sup>	N/A
DSU Value	\$347,705		
Stock Options (#)	1,500,000		
Stock Option Value	\$199,500		
<b>TOTAL VALUE</b>	<b>\$1,463,955</b>		

<sup>(1)</sup> The Technical Committee of the Board was formed in 2024.

JENNIFER WAGNER					
INDEPENDENT					
Ontario, Canada					
		<p>Ms. Wagner is a corporate securities lawyer with over 15 years of experience in the mining sector. Prior to its acquisition by Agnico Eagle Mines Limited, she was the Executive Vice-President, Corporate Affairs and Sustainability at Kirkland Lake Gold Ltd. Ms. Wagner was an integral member of the senior management team of Kirkland Lake Gold from 2015 to its sale in 2021, actively involved in the growth and development of the company through its acquisition of St Andrew's Goldfield, Newmarket Gold and Detour Gold. Prior to joining Kirkland Lake in 2015, she acted as legal counsel and corporate secretary to various TSX and TSXV listed mining companies and was an associate in the securities group of a large Canadian law firm. Ms. Wagner has extensive experience advising companies on a variety of corporate commercial transactions, mergers and acquisitions, governance, and compliance matters. Ms. Wagner received a Bachelor of Arts from McGill University, an LL.B. from the University of Windsor and has obtained the ICD.D designation from the Institute of Corporate Directors.</p>			
<p>Director since March 12, 2021 Age: 47</p>					
<b>Principal Occupation</b>		Corporate Director			
<b>Other Public Board Directorships</b>		Generation Mining Limited			
<b>Securities Held</b>		<b>Board and Committee Membership</b>		<b>2023 Attendance</b>	
Common Shares	50,000	Board	8 of 8 (100%)		
Share Value	\$47,500	Nominating and Corporate Governance Committee	5 of 5 (100%)		
DSUs	366,005	Sustainability Committee	4 of 4 (100%)		
DSU Value	\$347,705	Compensation Committee	6 of 6 (100%)		
Stock Options (#)	700,000				
Stock Option Value	Nil				
<b>TOTAL VALUE</b>	\$395,205				

<b>BARRY OLSON</b> <b>INDEPENDENT</b> <b>Idaho, USA</b>			
	<p>Mr. Olson has over 30 years' experience in strategic management and leadership in engineering, construction, start-up and operations of large-scale mining projects. Prior to his retirement in 2013, Mr. Olson was Senior Vice President of Project Development with Goldcorp Inc. During his time with Goldcorp (2006 – 2013) he was responsible for the successful development of Peñasquito, the largest open pit mine in Mexico, on schedule and on budget, as well as other major development projects in Chile, Argentina and Canada. Prior to Goldcorp, Mr. Olson held general manager roles with Coeur Mining Inc. (2001 – 2006) and Amax Gold Inc. (1988 – 1998). Mr. Olson is currently on the Advisory Committee for Agnico Eagle Mines Ltd. and is also a former Director of Kirkland Lake Gold (2014 – 2021).</p>		
Director since August 21, 2023 Age: 71			
<b>Principal Occupation</b>		Retired Mining Executive, Corporate Director.	
<b>Other Public Board Directorships</b>		None	
Securities Held		Board and Committee Membership	2023 Attendance
Common Shares		Board	2 of 2 <sup>(1)</sup>
Share Value		Audit Committee	N/A
		Sustainability Committee	N/A
DSUs	545,972	Technical Committee <sup>(2)</sup>	N/A
DSU Value	\$518,673		
Stock Options (#)	Nil		
Stock Option Value	Nil		
<b>TOTAL VALUE</b>			
	\$518,673		

<sup>(1)</sup>Mr. Olson joined the Board on August 21, 2023 and attended all Board meetings held in 2023 since his appointment. Mr. Olson had not been assigned to committees in 2023.

<sup>(2)</sup> The Technical Committee of the Board was formed in 2024.

<b>DANIEL VICKERMAN</b> <b>INDEPENDENT</b> <b>Arinsol, Andorra</b>			
		<p>Mr. Vickerman joined the Board through Discovery’s 2019 merger with Levon Resources Ltd. 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 and Director of Blackrock Silver Corp. 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, 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. Mr. Vickerman has extensive experience working with mineral exploration and development companies, raising over \$1 billion for private and listed companies. He holds a Bachelor of Arts, Economics from the University of Western Ontario.</p>	
Director since August 2, 2019 Age: 53			
<b>Principal Occupation</b>		SVP Corporate Development and Director of Blackrock Silver Corp.	
<b>Other Public Board Directorships</b>		Blackrock Silver Corp.	
<b>Securities Held</b>		<b>Board and Committee Membership</b>	<b>2023 Attendance</b>
Common Shares	170,000	Board	8 of 8 (100%)
Share Value	\$161,500	Audit Committee	4 of 4 (100%)
DSUs	366,005	Nominating and Corporate Governance Committee	5 of 5 (100%)
DSU Value	\$347,705		
Stock Options (#)	767,600		
Stock Option Value	\$55,700		
<b>TOTAL VALUE</b>	<b>\$564,905</b>		

**ANTHONY MAKUCH**

**PRESIDENT AND CHIEF EXECUTIVE OFFICER**

Ontario, Canada



Director Since April 11, 2022

Age: 65

Mr. Makuch has over 35 years of mining industry experience and was most recently President, CEO and Director of Kirkland Lake Gold Ltd. ("Kirkland"). During his five-year tenure as CEO of Kirkland, Mr. Makuch led the transformation of the company, with annual gold production increasing from 315,000 oz to over 1,400,000 oz, the market capitalization of the company increasing from approximately C\$1 billion to over C\$13 billion and Kirkland's share price increasing over 530%. These milestones were achieved on the back of two successful acquisitions, industry-leading operational performance and significant exploration success and ultimately culminated in Kirkland's merger with Agnico Eagle Mines Limited in 2022. Mr. Makuch is a Professional Engineer (P.Eng) and holds a Bachelor of Science Degree (Honours Applied Earth Sciences) from the University of Waterloo (Ontario), and both a Master of Science Degree in Engineering and a Master of Business Administration from Queen's University (Ontario) and has obtained the Institute of Corporate Directors ICD.D designation from the University of Toronto Rotman School of Business.

**Principal Occupation**

Chief Executive Officer of Discovery Silver Corp.

**Other Public Board Directorships**

Wallbridge Mining Company Limited; Karora Resources; West Red Lake Gold

**Securities Held**

Common Shares	1,200,308
Share Value	\$1,140,285
RSUs	2,000,000
RSU Value	\$2,417,817
Stock Options (#)	2,096,713
Stock Option Value	Nil
<b>TOTAL VALUE</b>	<b>\$3,558,102</b>

**Board and Committee Membership**

**2023 Attendance**

Board	8 of 8 (100%)
Sustainability Committee	4 of 4 (100%)
Technical Committee <sup>(1)</sup>	N/A

(1) The Technical Committee of the Board was formed in 2024.

As at April 5, 2024, the directors who are standing for re-election as set out above and the key executive officers of the Company, as a group, beneficially owned, directly or indirectly, or exercised control over, a total of 4,225,454 Common Shares, representing approximately 1.1% of the issued and outstanding Common Shares. The total dollar value of equity held by the directors set out above is based on the closing share price of the Common Shares on the TSX as of the Record Date, being \$0.95.

**Corporate Cease Trade Orders**

No proposed director of the Company is, as at the date hereof, or has been, within 10 years before the date hereof, a director, chief executive officer, or chief financial officer of any company (including the Company) that:

- 
- (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days that was issued while the proposed director was acting in the capacity as director, chief executive officer, or chief financial officer; or
  - (ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days that was issued after the proposed director ceased to be a director, chief executive officer, or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer, or chief financial officer.

### Bankruptcies and Other Proceedings

Other than as noted below, no proposed director of the Company:

- (i) is, as at the date hereof, or has been within the 10 years prior to the date hereof, a director or executive officer of any company (including the Company) 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
- (ii) has, within the 10 years prior to the date hereof, 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 the assets of the proposed director.

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

### Penalties and Sanctions

No proposed director of the Company has been subject to:

- (i) 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
- (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important in deciding whether to vote for a proposed director.

### AMENDMENT AND ADOPTION OF EQUITY COMPENSATION PLANS

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To ensure consistency across the Company's equity compensation plans, the Board has determined that it would be appropriate and in the best interests of the Company to amend the Company's restricted share unit plan (the "**RSU Plan**"), and deferred share unit plan (the "**DSU Plan**", and collectively with the stock option plan (the "**Option Plan**") and the RSU Plan, the "**Equity Compensation Plans**"), as described herein.

The amendments are proposed to align the Equity Compensation Plans with one another. Effective April 5, 2024, the Board authorized the amendments to the Equity Compensation Plans as described herein, subject to the approval of the shareholders as set forth below.

The full texts of the proposed revisions to the RSU Plan, and the DSU Plan are set forth in the blacklines attached as Schedule A, and Schedule B, respectively, to this Circular. There are no proposed revisions to the Company's Stock Option Plan attached as Schedule C to this Circular).

Summaries of the RSU Plan, the DSU Plan and the Option Plan, are set forth in this Circular at "*Equity Compensation Plans – RSU Plan*", "*Equity Compensation Plans – DSU Plan*" and "*Equity Compensation Plans – Stock Option Plan*", respectively, below.

Summaries of the proposed revisions to the RSU Plan and the DSU Plan are set forth below.

To be effective, the resolution approving the amendment of the RSU Plan and the DSU Plan and the adoption of the Equity Compensation Plans (including, for certainty, the RSU Plan and the DSU Plan as so amended) must be approved by not less than a majority of the votes cast by shareholders present in person or represented by proxy and entitled to vote at the Meeting.

In order to effect the amendments to the RSU Plan and the DSU Plan and the adoption of the Equity Compensation Plans (including, for certainty, the RSU Plan and the DSU Plan as so amended), Shareholders will be asked to consider and, if thought fit, to pass an ordinary resolution substantially in the following form:

BE IT RESOLVED AS ORDINARY RESOLUTIONS THAT:

1. the amendment of the Company's Restricted Share Unit Plan, as summarized in the Company's management information circular dated April 5, 2024, and as detailed in Schedule A thereto, be and is hereby approved, and such amended Restricted Share Unit Plan be adopted as the Company's Restricted Share Unit Plan;
2. the amendment of the Company's Deferred Share Unit Plan, as summarized in the Company's management information circular dated April 5, 2024, and as detailed in Schedule B thereto, be and is hereby approved, and such amended Deferred Share Unit Plan be adopted as the Company's Deferred Share Unit Plan;
3. the Company's Stock Option Plan, as summarized in the Company's management information circular dated April 5, 2024, and as detailed in Schedule C thereto, be and is hereby approved, and such Stock Option Plan be adopted as the Company's Stock Option Plan;
4. any director or executive officer of the Company is authorized to execute and file such documents and take such further action, including any filings with the Toronto Stock Exchange that may be necessary to reflect the amendments; and
5. the board of directors is hereby authorized, at any time in its sole discretion, to determine whether or not to proceed with this resolution without further approval, ratification, or confirmation by the shareholders of the Company.

**The Board unanimously recommends that shareholders vote in favour of the amendments of the RSU Plan, and the**

**DSU Plan, referred to in, Schedule A, and Schedule B, respectively, to this Circular, and the adoption of such Revised the Equity Compensation Plans (including, for certainty, the RSU Plan and the DSU Plan as so amended).**

**Unless authority to do so is withheld, the persons named in the enclosed form of proxy intend to vote FOR the amendments to the RSU Plan and the DSU Plan and the adoption of each of the Equity Compensation Plans (including, for certainty, the RSU Plan and the DSU Plan as so amended).**

### **Summary of Proposed Amendments to RSU Plan**

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The proposed amendment to the RSU Plan is summarized as follows. The following is intended as a summary only and should be reviewed in conjunction with the full details of the proposed amendment to the RSU Plan set out in Schedule A to this Circular.

- The proposed amendment to the RSU Plan will remove the current limit on the maximum number of Common Shares that may be reserved for the grant of RSUs under the RSU Plan (currently, a maximum of 7.0 million Common Shares). If such proposed amendment is implemented, the (new) maximum number of Common Shares that may be reserved for the grant of RSUs under the RSU Plan will be a rolling 10% of total Common Shares (calculated on a non-diluted basis) issued and outstanding across all Equity Compensation Plans, subject to the terms of the RSU Plan.

### **Summary of Proposed Amendments to DSU Plan**

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The proposed amendment to the DSU Plan is summarized as follows. The following is intended as a summary only, and it should be reviewed in conjunction with the full details of the proposed amendments to the DSU Plan set out in Schedule B to this Circular.

- The proposed amendment to the DSU Plan will remove the current limit on the maximum number of Common Shares that may be issued from treasury upon the settlement of DSUs under the DSU Plan (currently, a maximum of 3.0 million Common Shares). If such proposed amendment is implemented, the (new) maximum number of Common Shares that may be issued from treasury upon the settlement of DSUs under the DSU Plan will be a rolling 10% of total Common Shares (calculated on a non-diluted basis) issued and outstanding across all Equity Compensation Plans, subject to the terms of the DSU Plan...

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## REPORT ON CORPORATE GOVERNANCE PRACTICES

The Company and the Board recognize the importance of corporate governance for the effective management of the Company and to the protection of its stakeholders, particularly shareholders. The Company's approach to issues of corporate governance is designed with a view to ensuring that the business and affairs of the Company are effectively managed so as to enhance shareholder value. The Board fulfills its mandate directly and through its committees at regularly scheduled meetings or as otherwise may be required. The directors are kept informed regarding the Company's operations at regular meetings and through reports and discussions with management on matters within their particular areas of expertise. The frequency of meetings may be increased, and the nature of the agenda items may be changed depending upon the state of the Company's affairs and in light of opportunities or risks that the Company faces.

The Company believes that its corporate governance practices are in compliance with applicable Canadian guidelines including National Policy 58-201 – *Corporate Governance Guidelines*. The Company has considered the applicable requirements and believes that its approach is appropriate and works effectively for the Company and its shareholders. The Company continues to monitor developments in Canada and will revise its governance policies and practices, as appropriate. In support of good governance practices, the Board ensures the following procedures and policies are maintained and upheld, including but not limited to: (i) governance practices; (ii) independent Chair and majority independent Board; (iii) annual and individual director elections; (iv) in-camera sessions in all Board and Committee meetings; (v) 100% director attendance at all meetings in 2023; (vi) annual Board and director assessments; (vii) development and annual review of the Board skills matrix; and (viii) facilitating topical continuing education programs for directors annually.

In addition, the Company has adopted the following policies, charters, and codes, each of which are available on the Company's website at [www.discoverysilver.com](http://www.discoverysilver.com).

- Board Mandate
- Charters for Board Committees (Audit, Compensation, Sustainability, Technical and Nominating & Corporate Governance)
- Code of Business Conduct and Ethics
- Whistleblower Policy
- Anti-Bribery and Anti-Corruption Policy
- Human Rights, Diversity and Inclusion Policy
- Fitness for Duty Policy
- Confidentiality and Securities Trading Policy
- Disclosure Policy
- Majority Voting Policy
- Share Ownership Policy

The following is a description of the Company's corporate governance practices, which has been prepared by the Nominating and Corporate Governance Committee and has been approved by the Board.

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## THE BOARD OF DIRECTORS

The Board is currently comprised of seven directors, six of whom are "independent" directors in accordance with National Instrument 52-110 – *Audit Committees*. Mr. Makuch, the President and Chief Executive Officer of the Company,

is not considered independent by virtue of being a member of the Company's management. See "Election of Directors" above.

The Board discharges its responsibility to supervise the management of the business and affairs of the Company by delegating the day-to-day management of the Company to senior officers. The Board oversees the Company's systems of corporate governance, financial reporting and internal controls directly and indirectly through its committees, to ensure that the Company reports adequate and fair information to shareholders while adhering to the Company's Code of Conduct and Ethics.

## Independence

If a matter for the Board's consideration involves a non-independent director, that director is required to recuse him or herself from the meeting for the consideration of such matter so that the directors who are not so involved can have an open and candid discussion and vote.

To facilitate the functioning of the Board independently of management, the Board ensures that: (i) there are no members of management on the Board, other than the President and Chief Executive Officer ("CEO"); (ii) each of the Audit Committee, Corporate Governance and Nominating Committee and the Compensation Committee are comprised solely of independent directors; (iii) the CEO's compensation is considered in his absence, by the Compensation Committee, at least once a year; and (iv) the Board's policy is to hold "in camera" meetings with the independent directors at the conclusion of each Board and Committee meeting.

## Director Conflict of Interest

In addition, to the corporate governance policies set out above, the Board requires all directors to comply with the conflict of interest provisions of governing corporate legislation and relevant securities legislation, regulatory instruments and TSX policies which require that interested directors disclose any conflict of interest and recuse themselves from the consideration of, and voting on, matters which require directors to exercise independent judgement when consideration transactions and agreements in respect of which any director has any interest.

## BOARD COMMITTEES

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### Compensation Committee

The Compensation Committee, comprised entirely of independent directors, is responsible for determining the compensation of the members of the Board, the CEO of the Company, and other members of senior management of the Company, with input from independent third-party reports.

The Compensation Committee is primarily responsible for annually reviewing and approving corporate goals and objectives relevant to the CEO and senior executive officer compensation, evaluating the performance of the CEO and each senior executive officer's performance in light of those goals and objectives and recommending to the Board for approval the compensation level for the CEO and each senior executive officer based on this evaluation, reviewing and approving the perquisites and supplemental benefits granted to the CEO and senior executive officers, annually reviewing the compensation systems that are in place for employees of the Company, administering and making recommendations to the Board regarding the adoption, amendment or termination of the Company's incentive compensation plans and equity-based plans in which the CEO and senior executive officers may participate, ensuring that all necessary shareholder and regulatory approvals have been obtained for equity-based compensation plans,

recommend to the Board compensation and expense reimbursement policies for directors, reviewing and approving employment agreements, severance arrangements and change in control agreements and other similar arrangements for the CEO and senior executive officers, comparing on an annual basis the total remuneration (including benefits) and the main components thereof for the senior executive officers with the remuneration practices in the same industry, establishing levels of director compensation for Board approval based on reviews of director compensation of comparable companies, and reviewing and recommending to the Board for its approval disclosure regarding executive and director compensation in the management proxy circular and in any offering documents prior to their public release.

The Compensation Committee is currently comprised of Jennifer Wagner (Chair), Jeff Parr, and Murray John, each of whom is an independent director of the Board. Each member of the Compensation Committee has experience relevant to his or her responsibilities as a Compensation Committee member. For each committee members' skills and experience that enable the Compensation Committee to make decisions on the suitability of the Company's compensation policies and practices, please see their biographies beginning on page 11 of this Circular for more information. During the year ended December 31, 2023, the Compensation Committee met six times.

### Audit Committee

The Audit Committee, which is comprised entirely of independent directors, provide assistance to the Board in fulfilling its oversight responsibility to the shareholders of the Company, potential shareholders, the investment community and others, relating to: (i) the integrity of the Company's financial statements; (ii) the Company'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 Audit Committee retains and compensates any outside legal, accounting or other advisors as it considers necessary in discharging its role.

The Audit Committee is primarily responsible for: advising the Board, the Board's recommendation to shareholders in respect of the appointment, compensation and retention of the auditors, the oversight of the work of the auditors, preparing or issuing an audit report or performing other audit, review or attest services for the Company, obtaining and reviewing the auditor's report, working with the auditors throughout the year, receiving written confirmation from the auditors declaring their independence, evaluating the auditors' qualifications, performance and independence, determining that the auditors have a process in place to address the rotation of the lead audit partner and other audit partners servicing the Company's account as required under Canadian independence standards, pre-approving all audit and non-audit services provided by the auditors, discussing the overall scope and plans for audits with the auditors, regularly reviewing audit problems or difficulties with the auditors, reviewing and recommending for approval the financial statements for submission to the Board, as well as the related MD&A, receiving and reviewing the auditor's report prior to releasing and filing the annual financial statements, reviewing and approving all related party transactions not in the ordinary course of business, reviewing all earnings press releases before they are issued, discussing with management and the auditors the adequacy and effectiveness of internal control over financial reporting, reviewing the results of procedures undertaken by the auditors relating to the Corporation's compliance with the *Extractive Sector Transparency Measures Act* ("**ESTMA**"), reviewing with management the Company's compliance systems in light of applicable legal and regulatory requirements, reviewing with management the risk of the Company being subject to fraud and the controls in place to manage such risk, reviewing financial summaries and disclosures made in accordance with the ESTMA, ensuring the Company establishes appropriate policies and procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters, ensuring that the Company has in effect clear hiring policies for partners, employees and former

partners and employee's of the Company's present and former auditors that meet applicable legal and regulatory requirements, assessing risks or exposures, both internal and external, to which the Corporation is subject, including without limitation, risks associated with tax, hedging, insurance, accounting, cybersecurity, information services and systems, financial controls and management reporting, and review the actions which the senior officers have taken to minimize such risks, determining the funding needed by the Audit Committee of payments of auditors, advisors and administrative expenses for carrying out its duties, evaluating its performance annually and determining whether it is functioning effectively, and reviewing and reassessing its duties at least annually.

The Audit Committee is currently comprised of Jeff Parr (Chair), Murray John, Barry Olson and Daniel Vickerman, each of whom is an independent director of the Board and financially literate, as required by applicable securities legislation. See each committee members' biography beginning on page 11 for more information. During the year ended December 31, 2023, the Audit Committee met four times.

Further information regarding the Audit Committee is contained in the Company's current annual information form, under the heading "Audit Committee". A copy of the Audit Committee charter is attached to the annual information form as Schedule A. The Company's annual information form for the financial year ended December 31, 2023, is available under the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). A copy of the Audit Committee charter is also available on the Company's website at [www.discoverysilver.com](http://www.discoverysilver.com).

### **Nominating and Corporate Governance Committee**

The Nominating and Corporate Governance Committee, which is comprised entirely of independent directors, is responsible for assessing the effectiveness of the Board, its committees, or individual directors.

The Nominating and Corporate Governance Committee's responsibilities include monitoring compliance with the Company's corporate governance policies, conducting a periodic review of the Company's corporate governance policies and making policy recommendations, developing appropriate codes of business conduct and ethics along with the Audit Committee and assisting the Board with monitoring compliance of same, conducting a periodic review of the relationship between management and the Board, reviewing on an ongoing basis the Company's approach to governance and recommending the establishment of appropriate governance policies and standards in light of securities regulatory and stock exchange requirements, overseeing management's response to risks, both internal and external, to which the Corporation is subject to, including without limitation, risks associated with insurance, information services and systems, and management reporting, overseeing management's response to cyber risks and the protection of data belonging to third parties, overseeing management's response to ensure the Company's compliance with Canada's anti-spam legislation, reviewing and assessing the adequacy of the risk matrix ensuring it captures key areas of concern and the identified risks align with the Company's strategic objectives, reporting to the Board on the status of risk management efforts, including updates on the risk matrix, key risk indicators, and the effectiveness of risk mitigation strategies, reviewing corporate governance practices disclosure, reviewing and recommending to the Board changes to the way directors are to be elected, and overseeing the structure, composition, membership and activities of the Board and its committees.

In addition, the mandate of the Nominating and Corporate Governance Committee is to fulfill its oversight responsibilities with respect to identifying individuals qualified to be nominated as members of the Board, Board succession and development, evaluating the performance and effectiveness of the Board, developing a director education program. The Nominating and Corporate Governance Committee reviews the director skills matrix in order to assess the effectiveness of the Board as a whole and to consider whether there is a lack of any competencies and skills on the Board. Further, the Nominating and Corporate Governance Committee oversees the process of identifying

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and recruiting new candidates for election or appointment as Directors and for overseeing the Company's corporate governance disclosure.

The Nominating and Corporate Governance Committee is currently comprised of Jennifer Wagner (Chair), Murray John, and Daniel Vickerman, each of whom is an independent director of the Board. During the year ended December 31, 2023, the Nominating and Corporate Governance Committee met a total of five times.

### Sustainability Committee

The Sustainability Committee assists the Board in fulfilling its oversight responsibilities relating to monitoring sustainable development practices, and the development and implementation of any environmental, health, and safety policies of the Company.

The Sustainability Committee's responsibilities include encouraging, assisting, supporting and counselling management in developing short and long term policies, standards and principles with respect to sustainability, environment, health and safety, reviewing and monitoring the sustainability, environmental, safety and health policies and activities of the Company, reviewing periodic sustainability, environmental, health and safety reports, reviewing the Company's annual ESG report and annual reporting by management on sustainable development, environmental, safety and health issuing, periodically reviewing community, environmental, health and safety response compliance issues and incidents, reviewing results of operational community, environmental, health and safety audits and management's activities to maintain appropriate internal and external environmental and safety audits, ensuring that principle areas of community, environmental, health and safety risk and impacts are identified and that sufficient resources are allocated to address these, ensuring that the Company's directors are kept abreast of their duties and responsibilities related to the scope of the Sustainability Committee, making periodic visits, as individual members or as the Sustainability Committee as a group, to site locations in order to become more familiar with the nature of the operations, and reviewing relevant objectives, procedures and performance with respect to sustainability, environment, governance, health and safety, investigating, or causing to be investigated, any extraordinary negative sustainability, environmental, and health and safety performance where appropriate, ensuring there is a high level of preparedness to react to environmental accidents in order to contain, control, clean up, and eliminate negative environmental effects, and ensuring there exists the utmost respect for the local cultures, values, and traditions and adopt an open communication policy regarding the Company's activities with all impacted parties in order to achieve transparency in the Company socio-environmental performance.

The Sustainability Committee is currently comprised of Moira Smith (Chair), Jennifer Wagner, Barry Olson and Tony Makuch. Dr. Smith, Mr. Olson and Ms. Wagner are independent directors of the Board. See each committee members' biography beginning on page 11 for more information. During the year ended December 31, 2023, the Sustainability Committee met a total of four times.

### Technical Committee

In 2024, the Company formed a new subcommittee of the Board whose specific mandate was to review all technical aspects of the Company's operations and in particular, currently, the development of the Project. The creation of the Technical Committee reinforces the Company's commitment to accurate, complete and transparent reporting, enhanced accountability practices and risk mitigation. The Technical Committee assists the Board in fulfilling its oversight responsibilities with respect to any current or future exploration, development and operational activities, and any future expansion or other developments thereof, from a strategic, technical, financial and scheduling perspective. The Committee is also responsible for Board oversight of preliminary economic assessments, pre-feasibility studies,

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feasibility studies, production forecasts, budgets, life of mine plans, mineral reserves and mineral resources and the Corporation's proposed public disclosure of said technical nature.

The Technical Committee's responsibilities include overseeing management's technical goals, policies and programs relative to exploration, feasibility and pre-feasibility studies, development, operations and closure plans; reviewing management updates on mining, processing, tailings, projects and construction activities at the Company's mineral properties; reviewing the potential effect that any new major exploration, development, operating, or new business activity may have on the Company from a technical and risk management perspective; reviewing the mineral resources or mineral reserves estimates and the reports of the Qualified Person(s); reviewing an annual reconciliation of Mineral Resources and Mineral Reserves to mine production; overseeing along with the Audit Committee, the Company's internal and disclosure controls relating to Mineral Resources or Mineral Reserves estimation and related disclosure; reviewing reports from management from time to time on all material matters relating to Mineral Resources or Mineral Reserves estimation, including technical reports under NI 43-101; reviewing the evaluation of mining, processing, projects and construction merits of proposed investments and opportunities; reviewing the results of the technical due diligence conducted by management and independent advisors (if applicable), in connection with proposed acquisition of assets and conducting periodic visits, as individual members or the Committee to projects sites and corporate locations as considered appropriate, in order to become familiar with the nature of the operations of the Company.

The Technical Committee is currently comprised of Barry Olson (Chair), Moira Smith, Murray John and Tony Makuch. Dr. Smith, Mr. Olson and Mr. John are independent directors of the Board. See each committee members' biography beginning on page 11 for more information. The Committee was formed in January 2024 and have met four times in the first quarter of 2024.

### Other Committees of the Board

Each of the committees noted above report directly to the Board. From time to time, when appropriate, ad-hoc committees of the Board may be appointed by the Board.

### MEETINGS OF THE BOARD AND COMMITTEES OF THE BOARD

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The Board meets a minimum of **four** times a year and as otherwise may be required. The Audit Committee, the Nominating and Corporate Governance Committee, the Technical Committee and the Sustainability Committee of the Board meet a minimum of **four** times a year and the Compensation Committee of the Board meets a minimum of **two** times a year. All committees can meet more frequently as deemed necessary by the applicable committee. During the year ended December 31, 2023, the Board met **eight** times, the Nominating and Corporate Governance Committee met **five** times, the Compensation Committee met **six** times, the Audit Committee met **four** times, and the Sustainability Committee met **four** times. As the Technical Committee was newly formed in 2024, no meetings were held in 2023, however to date **four** meetings have been held. All directors had a 100% attendance record to all Board and Committee meetings. See each committee members' biography and attendance records beginning on page 12 for more information.

### BOARD SKILLS MATRIX

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The Nominating and Corporate Governance Committee maintains a skills matrix designed to assist the Board in evaluating the experience, expertise, and competencies that each current director possesses, as well as the overall diversity of the Board. The skills matrix is reviewed by both the Nominating and Corporate Governance Committee and the Board annually. By design, each individual director contributes to the overall depth and breadth of experience on the Board, the Nominating and Corporate Governance Committee has developed the skills matrix based on consultation

and agreement on each director’s primary strengths and key areas of expertise. The competencies and skills identified in the matrix are those considered necessary for the robust oversight of the Company giving consideration to the overall short, medium and long-term strategic objectives of Discovery.

COMPETENCIES		Murray John	Jeff Parr	Jennifer Wagner	Moira Smith	Dan Vickerman	Tony Makuch	Barry Olson
(1)	Board Experience and Corporate Governance	✓	✓	✓	✓	✓	✓	✓
(2)	Mining and Industry Experience	✓	✓	✓	✓	✓	✓	✓
(3)	Enterprise Risk Management	✓	✓	✓	✓	✓	✓	✓
(4)	Executive Management	✓	✓	✓	✓	✓	✓	✓
(5)	Financial Expertise/Financial Literacy	✓	✓			✓	✓	✓
(6)	Capital Markets and Corporate Finance	✓	✓	✓	✓	✓	✓	✓
(7)	Mergers and Acquisitions	✓	✓	✓	✓	✓	✓	✓
(8)	Human Resources and Compensation	✓	✓	✓			✓	✓
(9)	Health, Safety and Environment	✓		✓	✓		✓	✓
(10)	Corporate Social Responsibility and Sustainable Development	✓	✓	✓	✓	✓	✓	✓

## BOARD DIVERSITY

The Board and Corporate Governance and Nominating Committee believe that diversity and inclusion provide a depth of perspective and enhances the overall operation of both the Board and the Company generally. The Corporate Governance and Nominating Committee regularly reviews the composition of the Board and, when applicable, considers qualified candidates who are best able to meet the skills matrix developed for the Board. The Corporate Governance and Nominating Committee takes into consideration the overall knowledge, experience, skills, expertise and diversity of the Board as a whole.

At present, the Board has not formally adopted a written policy relating to the identification and nomination of women directors. However, the Company recognizes the potential benefits from new perspectives which could manifest through increased gender diversity within its ranks and recognizes that diversity is important to ensure that the profiles of Board members and executive officers provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management. To this end, the Company has adopted a Human Rights, Diversity and Inclusion Policy, which recognizes that gender diversity is a significant aspect of diversity and acknowledges the important role that women with appropriate and relevant skills and experience can play in contributing to the diversity of perspective on the Board. The Company supports goals to increase the average percentage of women on the Boards and women in executive positions within the Company and employs an informal approach to achieve positive outcomes in Board and senior management gender diversity within the Company, which approach also ensures that the most qualified candidates are selected to fulfill vacancies on the Board and executive offices. The Company believes this to be an appropriate approach in the circumstances given the current size and stage of growth of the Company.

The selection of candidates for appointment or re-election to the Board has, and will continue to be based on the skills, knowledge, experience and character of individual candidates and the requirements of the Board at the time, with achieving an appropriate level of diversity on the Board being one of the criteria that the Nominating and Corporate Governance Committee considers when evaluating the composition of the Board. While gender has factored into recent

searches for qualified candidates, the final recommendation for nomination has been based on the best combination of skills and experience for the position. The Board also considers the importance of having Black, Indigenous, and People of Color representation at the Board level and has expanded its list of qualified potential candidates accordingly. When considering candidates for senior management positions, the Company focuses on attracting and retaining experienced and highly skilled individuals that can add value to its business. With respect to executive officer positions, when making executive officer appointments, the Company considers all candidates based on their merit and qualifications relevant to the specific role. While gender has factored into recent searches for qualified candidates, the final recommendation for nomination has been based on the best combination of skills and experience for the position.

While the Company recognizes the benefits of diversity at all levels within its organization, the Company does not currently have any formal targets that specifically require the identification, consideration, nomination or appointment of female board nominees or candidates for executive management positions or that would otherwise force the composition of the Board or the Company's executive management team. When considering candidates for senior management and/or Board positions, the Company employs the approach discussed above, and accordingly, the Company does not believe that it is appropriate or necessary to implement such targets at this time, particularly given the current size and stage of growth of the Company.

The Board is currently comprised of seven directors, two of whom are women, comprising 29% of the Board. Additionally, approximately 43% of the Company's current workforce are women.

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## **BOARD ASSESSMENTS**

The Nominating and Corporate Governance Committee is responsible for assessing, monitoring, and improving the performance of the Board, its committees and directors. Evaluations and assessments are a continuous process designed to evaluate performance against the formal mandates of the Board, committees of the Board, the Board Chair, the Chief Executive Officer and other criteria. A range of dimensions are considered, such as overall performance of the Board, Board and committee structure and composition, management development, strategic planning, risk management, operational performance, Chief Executive Officer performance evaluation, Board membership, director competencies, Board processes and director involvement. The Nominating and Corporate Governance Committee engages the Board annually in a formal assessment procedure which includes the distribution of a questionnaire to each member of the Board to assess the overall performance of the Board. In addition, each Board Committee conducts a self-evaluation using a questionnaire format, and director self and peer performance reviews are conducted concurrently with an annual review of the Board Skills Matrix which involves each director assessing him or herself as well as his or her peers against set criteria. The Board Chair reviews the results of the peer assessments with each director individually.

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## **BOARD CONTINUING EDUCATION**

The Board considers director continuing education to be a priority for all directors and promotes opportunities to learn, develop and network. The Nominating and Corporate Governance Committee is responsible for establishing the continuing education of directors. Components of the Board's continuing education program include:

1. External advisors attend Board meetings to provide the Board with information and updates on a variety of topics including political and geopolitical risks, environmental and social issues and current industry trends.
2. Regular updates on the Company's business and issues relevant to the Company are provided to directors by senior managers at both Board meetings and at meetings of the Board's committees.

3. All directors are provided with an annual corporate membership to the Institute of Corporate Directors which includes access to continuing education course such as webinars, short courses, and seminars. Currently, three directors have obtained their official ICD.D designations.

As part of its Board education strategy, in 2023 the Board fulfilled its continuing education program requirements as follows:

1. The Board conducted a comprehensive site visit to the Project based in Chihuahua, Mexico, receiving various management presentations with respect to the technical aspects of the Project including site layout, water treatment and proposed development timelines, the permitting process and status of applications, while also reviewing the numerous community-based initiatives which have been implemented by the Company for the betterment of the local stakeholders and community partners. The Board met with the current employees and various contractors at site to receive updates on work completed to date and various health and safety initiatives that are being actively employed at the Project.
2. The Board met with a third-party geopolitical risk consultant to receive a presentation with respect to electoral dynamics in Mexico and review certain socio-political risks associated with mining in the region.
3. The Board conducted annual cyber security training.

## ETHICAL BUSINESS CONDUCT

To ensure that directors exercise independent judgment when considering transactions and agreements in respect of which any director has an interest, the Board complies with the conflict-of-interest provisions of its governing corporate legislation and relevant securities legislation, regulatory instruments and stock exchange policies (which require that interested directors recuse themselves from the consideration of, and voting on, such matters). The Board monitors compliance with the Code of Business Conduct and Ethics primarily through regular meetings of the Nominating and Corporate Governance Committee and the Audit Committee (and where applicable, the Sustainability Committee, which addresses any health and safety incidents). The Nominating and Corporate Governance Committee and the Audit Committee are responsible for the Whistleblower Hotline (to report any violation of the Code of Business Conduct and Ethics or other violation). The Board encourages and promotes a culture of ethical business conduct through its actions and its support and interaction with management and employees of the Company. In order to further promote a governance culture within the Company, the Board has adopted and approved corporate policies as discussed below.

### Code of Business Conduct and Ethics

The Board seeks to foster a culture of ethical conduct by striving to ensure the Company carries out its business in line with high business and ethical standards and applicable legal and financial requirements. In that regard, the Board has adopted a Code of Business Conduct and Ethics (the “Code”) setting out the guidelines for the conduct expected from directors, officers, employees, consultants, and contractors. Management reports to the Audit Committee on departures from the Code, if any. A copy of the Code can be found on the Company’s website at [www.discoverysilver.com](http://www.discoverysilver.com).

### Whistleblower Policy

The Board has approved a written Whistleblower Policy, which sets out procedures for the confidential and anonymous submission by employees of complaints and concerns regarding the Company’s accounting, auditing and financial reporting procedures and obligations, or any violations of the Code of Conduct or other Company policies. The

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Whistleblower Policy provides that if any employee has any information, complaints or concerns regarding such matters they are urged to present such information, complaints or concerns to the Audit Committee, without regard to the position of the persons responsible for the subject matter of the information, complaint or concern. Promptly following the receipt of any information, complaints or concerns submitted to it, the Audit Committee, with the assistance of the Nominating and Corporate Governance Committee, will investigate each matter and, if required, take appropriate corrective actions. The Audit Committee will retain, as part of its records, any information, complaints or concerns received.

### Disclosure Policy

The Board has approved the Disclosure Policy which, among other things, is designed to ensure that all disclosure made by the Company is accurate, complete and fairly presents the Company's financial position and results of operations in all material respects and is made on a timely basis in accordance with the provisions of applicable TSX regulations and securities laws.

### Majority Voting Policy

The Board has adopted a Majority Voting Policy, which requires that, in an uncontested election of directors, a director nominee who is elected with a greater number of votes "withheld" than votes "for" will be considered by the Board not to have received the support of the Shareholders. Any nominee who receives a greater number of votes "withheld" than votes "for" will tender their resignation to the Board Chair promptly following the relevant meeting. The Nominating and Corporate Governance Committee will consider the proposed resignation in light of all relevant circumstances and make a recommendation to the Board. The Board will make a decision whether to accept or reject any such resignation within 90 days following such meeting and press release its decision including the reasons for rejecting a resignation, if applicable.

### Anti-Bribery and Anti-Corruption Policy

In order to ensure compliance with the *Corruption of Foreign Public Officials Act (Canada)* (the "CFPOA") the Company has adopted an Anti-Bribery and Anti-Corruption Policy. The purpose of the Anti-Bribery and Anti-Corruption Policy is to provide a procedure to ensure that the Company, together with its directors, officers, employees, consultants, and contractors, conducts its business in an honest and ethical manner reflecting the highest standards of integrity and in compliance with all relevant laws and regulations applicable to it and in compliance with the CFPOA.

### Human Rights, Diversity and Inclusion Policy

The Board has adopted a Human Rights, Diversity and Inclusion Policy and is committed to respecting human rights as set forth in the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights and under international humanitarian law. The purpose of the Human Rights, Diversity and Inclusion Policy is to ensure that the Company meets its commitments in the assessment of potential human rights issues, takes measures to avoid infringing on human rights, and seeks constructive dialogue and partnerships with stakeholders impacted by the Company's activities.

### Fitness for Duty Policy

The Company is committed to maintaining a safe work environment and ensuring that all activities of the Company are conducted in a manner that safeguards the safety and health of employees, contractors, visitors, and the community.

As an objective to achieving zero workplace incidents or injuries and ensure the integrity and safety of the Company facilities and operations, the Board has adopted a Fitness for Duty Policy to ensure employees and contract workers are fit for work and are free from any negative impacts from the use or aftermath of alcohol and other drugs.

### Confidentiality and Insider Trading Policy

The Board has approved a written Confidentiality and Insider Trading Policy in order to prevent improper insider trading and the improper communication of undisclosed material information regarding the Company and to ensure that the Directors, Officers and Senior Management of the Company and persons or companies related to or controlled by them act, and are perceived to act, in accordance with applicable laws and the highest standards of ethical and professional behaviour.

### Advance Notice Policy

The purpose of the Advance Notice Policy as adopted by the Board is to provide shareholders, directors, and management of the Company with a clear framework for nominating directors of the Company. This Policy fixes a deadline by which director nominations must be submitted to the Company prior to any annual or special meeting of shareholders and sets forth the information that must be included in the notice to the Company for the notice to be in proper written form in order for any director nominee to be eligible for election at any annual or special meeting of shareholders.

## SHARE OWNERSHIP POLICY

The Board believes it is in the best interests of the Company and Shareholders to align the financial interests of its leadership with those of the shareholders. The Company has adopted a Share Ownership Policy that sets out mandatory equity ownership requirements for both directors and executive officers of the Company (each a “Participant”). Pursuant to the Share Ownership Policy, mandatory equity ownership thresholds have been established as follows:

POSITION	OWNERSHIP REQUIREMENT
Chief Executive Officer	3 times annual base salary
C-Suite and Senior Management (VPs)	2 times annual base salary
Non-employee Directors	3 times annual base retainer

The minimum ownership levels required pursuant to the Share Ownership Policy are expected to be satisfied by each Participant within five years after first becoming subject to these ownership requirements or after being appointed to any one of the positions subject to the Share Ownership Policy. In the event of an increase in a Participant’s base salary or annual retainer, he or she will have five years from the time of the increase to acquire any additional equity as may be required to obtain the minimum ownership requirements under the Share Ownership Policy. Once the Participant’s level of equity ownership satisfies the applicable minimum ownership requirements, Participants are expected to maintain such minimum ownership levels for as long as the Participant is subject to the Share Ownership Policy. The following securities may be included in determining the Share ownership of each Participant:

- Shares owned directly (including through open market purchases or acquired and held upon vesting of Company equity awards).
- Shares owned jointly with or held separately by the Participant’s spouse.

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- Shares held by any minor children (“**Minor Children**”) that share the same home as the Participant.
  - Shares held in trust for the benefit of the Participant, the Participant’s spouse and/or Minor Children.
  - Shares held in any trust in which the Participant and/or the Participant’s spouse is a trustee with voting and investment power.
  - Shares owned by any private corporate entity which is at least 50% owned by any combination of the foregoing.
  - Restricted Share Units and Deferred Share Units held by the Participant, whether vested or not vested.

Based on the current Share Ownership Policy, each of the directors and officers of the Company are on track to meet these minimum requirements within five years from the date of adoption or date of appointment, as applicable.

## BOARD MANDATE

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The Company has established a written mandate for the Board to assist it in fulfilling its responsibility to oversee the business and affairs of the Company and the activities of management who are responsible for the day-to-day conduct thereof. A copy of the board mandate is appended as Schedule D.

## POSITION DESCRIPTIONS

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The Chair of the Board is an independent director of the Board and as the non-Executive Chair of the Board, he is responsible for the management and effective performance of the Board and provides leadership to the Board by working with the Board, the Chief Executive Officer and the other senior officers to establish, implement and oversee the long-range and short-range goals, strategies, plans and policies of the Company. He is also responsible for promoting cohesiveness among the directors, advising on the capital markets strategy and general marketing strategy of the Company and assisting the Board, the committees of the Board, individual directors and the senior officers in understanding and discharging their obligations under the Company’s system of corporate governance.

The Board has developed position descriptions for the Chair of each committee of the Board, which delineate the roles and responsibilities of these positions. The positions descriptions for the Chair of each committee of the Board can be found within the Committee charters at the Company’s website at [www.discoverysilver.com](http://www.discoverysilver.com).

## NOMINATION OF DIRECTORS

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The Board identifies potential director candidates through a search process that may include, among other things, internal and external referrals and/or the use of an executive search firm. Members of the Nominating and Corporate Governance Committee review the qualifications of potential director candidates, where applicable, and conduct interviews with such candidates, following which the Nominating and Corporate Governance Committee makes recommendations to the Board with respect to such candidates. In 2023, on the recommendation of the Nominating and Governance Committee, Mr. Barry Olson was appointed to the Board.

The Company has not adopted term limits for the directors on its Board. While director term limits can assist with board refreshment, there may be circumstances where the Board may not want to lose the deeper knowledge of the business and the skills and experience of a longer-serving director. The Company believes that with the combination of annual director elections and the monitoring of performance the Company achieves the appropriate level of Board turnover. Further, the Company assesses the skillsets of the various members of the Board and the overall Board annually and seeks to consider and where appropriate appoint, appoints new board members where there are any key gaps in such skillsets and/or where it is necessary to consider additional Board members for succession planning purposes.

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## REPORT ON EXECUTIVE COMPENSATION

The Company's Statement of Executive Compensation, made in accordance with the requirements of Form 51-102F6 – *Statement of Executive Compensation* (“**Form 51-102F6**”), is set forth below and contains information about the compensation paid to, or earned by, the Company's CEO, CFO, and the three most highly compensated executive officers of the Company earning more than \$150,000 in total compensation during the year ended December 31, 2023 (each, an “**NEO**”). During the year ended December 31, 2023, the NEOs were Tony Makuch (Chief Executive Officer), Andreas L'Abbé (Chief Financial Officer), Gernot Wober (VP Exploration), Forbes Gemmell (VP Corporate Development) and Roman Solis (SVP, Mexico).

## COMPENSATION DISCUSSION AND ANALYSIS

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The Company's primary objective is building a sustainable mining company that is recognized as safe and responsible while maximizing profitable silver production to increase shareholder value. To succeed in this, it is imperative that competitive compensation packages be provided to executive management to ensure that executives are appropriately retained and engaged to effectively manage, operate and implement the long-term growth strategy of the Company.

The Company's compensation philosophy looks to align compensation with performance, taking into account the Company's overall financial position, which ultimately aligns with the interests of shareholders. The goal is to motivate employees to achieve higher levels of performance which will serve to provide greater value to shareholders.

The Company balances its compensation program with rewards for the attainment of corporate and operational measures and risk management that are within the executive's ability to influence. Each year, the Board, upon recommendation from the Compensation Committee, adopts a scorecard that sets out the key performance indicators (“**KPIs**”) to guide and motivate the senior executive team in realizing the Company's corporate strategy for the following year. At the end of each year, with the input of the CEO, the Compensation Committee reviews the corporate performance against each indicator and recommends to the Board the specific weightings or performance score for each category of KPIs. Various corporate, divisional, and departmental objectives are set for the following year in order to ensure that the Company's objectives are aligned with the key long-term priorities for the future success of the Company.

The compensation program of the Company places a significant emphasis on at-risk compensation. This is achieved in the form of performance-based, short-term cash incentives, as well as long-term incentives based on a three-year vesting schedule, which illustrates the Company's strong focus on pay-for-performance over the long term. Compensation programs will continue to emphasize “pay for performance”, with each individual's short- and long-term compensation and career advancement being dependent on both Company performance and individual performance, with the objective of increasing long-term shareholder value. If the Company or the individual does not meet its objectives, awards will be adjusted in accordance with pre-established processes or as otherwise determined at the discretion of the Board.

The Company uses a process for determining executive compensation whereby the Compensation Committee reviews executive base compensation, short term non-equity incentives and long-term equity-based compensation and provides a recommendation to the Board for discussion and approval without any formal objectives, criteria, and analysis. For the 2023 short-term non-equity incentive, the CEO's maximum target was set at 100% of base salary while all other executives had maximum targets set at 50% of base salary if all KPIs were met.

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At the discretion of the Board and from time to time, a third-party compensation specialist is engaged to provide updated industry compensation data compared to a pre-determined peer group based on a combination of market capitalization, metal, stage of development, and operational geography. In 2023, given the development stage of the Company in finalizing its Feasibility Study on the Project and the appointment of Mr. Makuch as the Chief Executive Officer, the Compensation Committee and Board felt it appropriate to engage an independent third-party compensation consultant. The Compensation Committee takes into consideration the current stage of the Company and the individual knowledge and expertise required with respect to development and potential future construction of the Project when considering new hires and the importance of special one-time hire on awards in acquiring such talent. The Board then reviews this information, along with the Compensation Committee recommendations in making their ultimate decisions regarding executive base compensation, short-term non-equity incentives and long-term equity-based incentives.

The KPIs in the scorecard used by the Compensation Committee in recommending short-term non-equity compensation are grouped into nine categories with specific weightings for each executive based on the specific objective. The overarching objectives for 2023 were comprised of the following key areas: share performance, exploration, preliminary feasibility study/feasibility study, permitting, project agreements, ESG, Financial, human resources, corporate development, project financing.

For 2023, the Compensation Committee reviewed the various KPIs in detail and took into consideration the lower than anticipated share price performance which resulted in a lower short term incentive award to the management team. Taking in consideration various other accomplishments of the management team, including those focused on successful financing initiatives, work completed to date with respect to the FS, the ongoing development of the Company's ESG reporting and community based initiatives to promote good governance within the community, exploration, human resources and various project agreements, the Compensation Committee recommended that all executives be awarded 87.5% of their maximum target for the short-term non-equity-based compensation. Although earned for 2023 performance, the short-term non-equity incentive was paid to executives in January of 2024 and is reflected in the table on page 40.

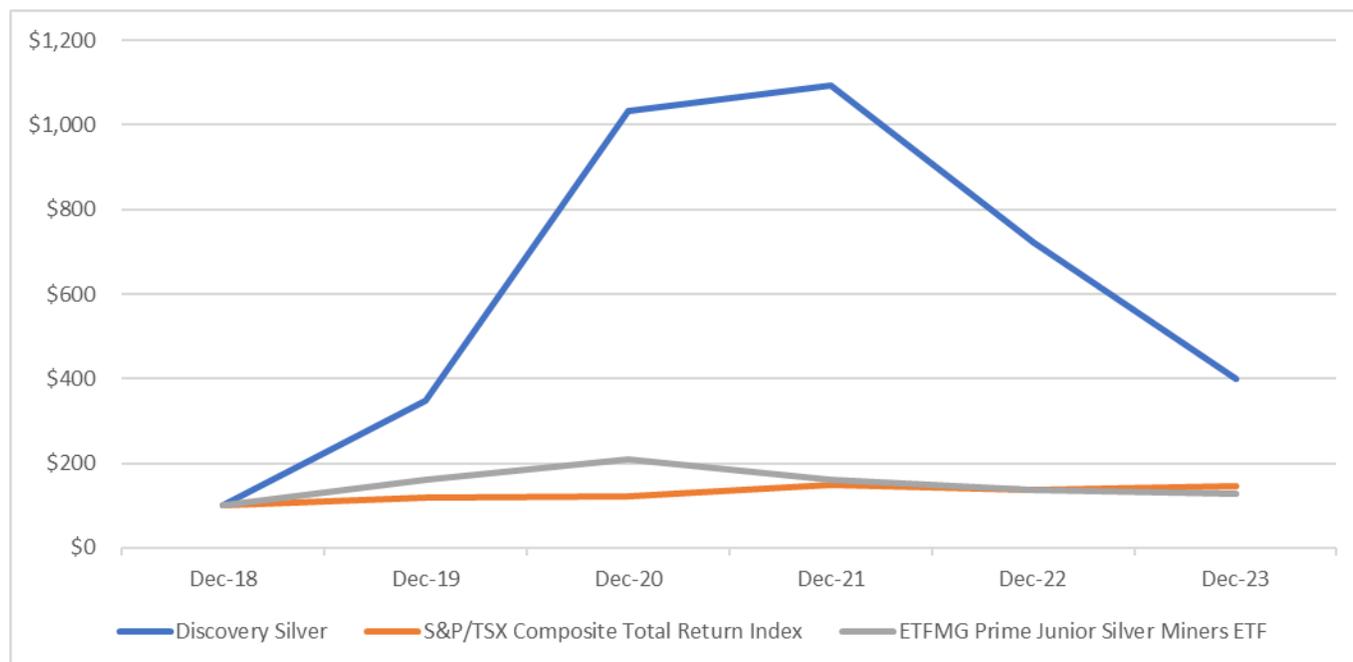
The Compensation Committee assesses potential risks facing the Company with respect to its compensation policies and practices, succession planning for the Board and for senior management, and organizational changes within the senior management team, including leadership and development to mitigate such risks. The Compensation Committee also regularly reviews organizational changes at the senior management level and is provided with updates on a quarterly basis on human resources issues associated with the Company as a whole.

NEOs and directors of the Company are not expressly prohibited from purchasing financial instruments. NEOs and directors are required to comply with the Company's Code of Business Conduct and Ethics as outlined above.

## Performance Graph

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The following graph compares and tracks the effect of \$100 invested in Common Shares on December 31, 2018, against the total shareholder return of the S&P/TSX Composite Index and the ETFMG for the five most recently completed financial years of the Company, assuming the reinvestment of all dividends.



The Company’s executive compensation strategy is designed to align the Company’s interests with both the short- and long-term interests of shareholders. The Company has developed a comprehensive compensation strategy with the following goals: (i) providing compensation levels that are competitive with comparator group companies in the mining industry; (ii) linking executive compensation to corporate performance and the creation of shareholder value, including through at-risk compensation; (iii) rewarding achievement of corporate and individual performance objectives; and (iv) promoting internal equity and disciplined assessment of performance. The Company has maintained robust operational performance and achieved key milestones in its strategic objectives, including but not limited to, most recently the successful delivery of the Feasibility Study and the corresponding NI 43-101 technical report.

### Share-based and Option-based Awards

The Company uses a common method in determining share-based and option-based awards to executive officers and directors. The Compensation Committee reviews current share-based awards or option-based awards outstanding compared to the total available awards to grant which is based on the combined maximum of 10% of common shares issued and outstanding across all long-term incentive plans (options, RSUs and DSUs). Previous grants are considered in determining new grants. Amendments to any of the existing incentive plans are first reviewed by the Compensation Committee and then recommended to the Board for approval.

### Compensation Governance

The Company uses a simple process for determining executive compensation whereby the Compensation Committee reviews executive base compensation, short term non-equity incentives and long-term equity-based compensation and provides a recommendation to the Board for discussion and approval.

At the discretion of the Board and from time to time, a third-party compensation specialist is engaged to provide updated industry compensation data compared to a pre-determined peer group based on a combination of market capitalization, metal, stage of development, and operational geography. The Board then reviews this information, along with the Compensation Committee recommendations in making their ultimate decisions regarding executive base compensation, short-term non-equity incentives, and long-term equity-based incentives.

The Board engaged an independent compensation consultant in 2021 to provide an appropriate benchmarking analysis for the Company's compensation framework. In 2023, given the development stage of the Company in finalizing its Feasibility Study on the Project and the appointment of Mr. Makuch as the President and Chief Executive Officer, the Compensation Committee and Board felt it appropriate to re-engage an independent third-party compensation consultant. This updated independent third-party compensation benchmarking analysis completed in early 2023 provided the Compensation Committee with updated data regarding the impacts of the pandemic on the mining job market, the high demand for successful and qualified candidates, and the importance of aligning and incentivizing managements teams to ensure long term dedication and performance. This analysis took into consideration the relevant peer groups for the Company's short-term incentives, alongside share price performance indexed against industry benchmarks within the Company's corporate objectives. Additionally, the analysis also evaluated appropriate compensation levels for management and the Board tailored to the size and scale of the Company. Additional long-term compensation strategies were reviewed to further enhance alignment of management and the Board with shareholders and stakeholders. This in turn formed the basis of the Company's 2023 short-term and long-term compensation plan.

**SUMMARY COMPENSATION TABLE**

The following table provides information regarding compensation earned by the NEOs for the years ended December 31, 2023, December 31, 2022, and December 31, 2021.

Name and principal position	Year	Salary (\$)	Share-based awards (\$) <sup>(1)</sup>	Option-based awards (\$) <sup>(2)</sup>	Non-equity incentive plan compensation (\$)		Pension Value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Tony Makuch Director, President and CEO <sup>(3)</sup>	2023	600,000	1,909,999	1,200,000	525,000	Nil	Nil	Nil	4,234,999
	2022	277,083	Nil	Nil	155,167	Nil	Nil	Nil	432,250
	2021	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Andreas L'Abbé CFO	2023	310,000	310,000	Nil	135,625	Nil	Nil	Nil	755,625
	2022	250,000	Nil	620,000	100,000	Nil	Nil	Nil	970,000
	2021	225,000	Nil	565,000	123,750	Nil	Nil	Nil	913,750
Gernot Wober VP Exploration	2023	325,000	325,000	Nil	142,188	Nil	Nil	Nil	792,188
	2022	305,000	Nil	620,000	122,000	Nil	Nil	Nil	1,047,000
	2021	275,000	Nil	565,000	151,250	Nil	Nil	Nil	991,250
Forbes Gemmell VP Corporate Development	2023	300,000	300,000	Nil	131,250	Nil	Nil	Nil	731,250
	2022	275,000	Nil	620,000	110,000	Nil	Nil	Nil	1,005,000
	2021	220,000	Nil	565,000	121,000	Nil	Nil	Nil	906,000
Roman Solis SVP, Mexico <sup>(5)</sup>	2023	290,000	290,000	Nil	126,875	Nil	Nil	Nil	706,875
	2022	240,000	Nil	620,000	96,000	Nil	Nil	Nil	956,000
	2021	215,000	Nil	565,000	118,250	Nil	Nil	Nil	923,250

**Notes:**

- (1) The fair values of the share units granted have been measured using the market value of the shares on the date that the share units were granted and do not represent the actual amounts received by the NEOs. The actual amount received will be determined by the market value of the shares on the date that the share units vest and the corresponding shares are received by the NEOs.
- (2) The fair values of the options granted have been estimated using the Black-Scholes option-pricing model and do not represent the actual amounts received by the NEOs. The actual amount received will be determined by the market value of the shares on the date that the option is exercised. Assumptions used in the pricing model are as follows: January 26, 2024 grant date – Fair value of \$0.75; January 5, 2022 grant date – Fair value of \$1.24; April 4, 2022 grant date – Fair value of \$1.27; March 11, 2022 grant date – Fair value of \$1.01; January 12, 2021 grant date – Fair value of \$1.13; April 27, 2020 grant date – Fair value of \$0.24; January 6, 2020 grant date – Fair Value of \$0.38.
- (3) Tony Makuch was appointed Chief Executive Officer (CEO) on January 1, 2023. Previously he was the Interim Chief Executive Officer appointed on June 6, 2022. As remuneration for services provided in his capacity as Interim CEO for the period of June 3, 2022 to December 31, 2022, Mr. Makuch was paid \$277,083 in base salary, \$155,167 as cash bonus (paid in 2023) and was granted 600,000 stock options. In connection with his appointment as CEO on January 1, 2023, Mr. Makuch was granted a special one-time hire on award of 1,000,000 Options and a special one-time hire on award of 500,000 RSU's which are set out as Share-based awards and Option-based awards above.
- (4) The Annual Incentive Plan amount under the Non-equity incentive plan is an amount earned for that year in accordance with the Company's short term incentive plan with the actual cash payment made in the subsequent year.
- (5) Mr. Roman Solis was appointed Senior Vice President, Mexico from Vice President, Mexico on January 1, 2024.

**INCENTIVE PLAN AWARDS**

**Outstanding Share-Based Awards and Option-Based Awards**

The following tables (presented in accordance with Form 51-102F6) sets forth for each NEO all awards outstanding at the end of the financial year ended December 31, 2023, including awards granted, but not necessarily vested, before December 31, 2023.

Name	OPTION-BASED AWARDS <sup>(1)</sup>				SHARE-BASED AWARDS		
	Number of securities underlying unexercised Options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money Options (\$) <sup>(1)</sup>	Number of RSUs that have not vested (#)	Market or payout value of share-based awards that have not vested (\$) <sup>(1)</sup>	Market or payout value of vested share-based awards not paid out or distributed (\$)
Tony Makuch Director, President and CEO <sup>(2)</sup>	1,600,000	\$1.42	Jan 26, 2028	Nil	1,345,070	\$1,022,253	Nil
	400,000	\$1.76	Apr 11, 2027	Nil			
Andreas L'Abbé Chief Financial Officer	500,000	\$2.05	Jan 5, 2027	Nil	218,310	\$165,916	Nil
	500,000	\$1.89	Jan 12, 2026	Nil			
	400,000	\$0.47	Apr 27, 2025	\$116,000			
	700,000	\$0.48	Aug 15, 2024	\$196,000			
Gernot Wober VP Exploration	500,000	\$2.05	Jan 5, 2027	Nil	228,873	\$173,943	Nil
	500,000	\$1.89	Jan 12, 2026	Nil			
	372,100	\$0.47	Apr 27, 2025	\$107,909			
	600,000	\$0.48	Aug 15, 2024	\$168,000			
Forbes Gemmell VP Corporate Development	500,000	\$2.05	Jan 5, 2027	Nil	211,268	\$160,564	Nil
	500,000	\$1.89	Jan 12, 2026	Nil			
	410,000	\$0.47	Apr 27, 2025	\$118,900			
	400,000	\$0.65	Jan 6, 2025	\$44,000			
Roman Solis SVP, Mexico <sup>(3)</sup>	500,000	\$2.05	Jan 5, 2027	Nil	204,225	\$155,211	Nil
	500,000	\$1.89	Jan 12, 2026	Nil			
	400,000	\$0.47	Apr 27, 2025	\$116,000			
	300,000	\$0.48	Aug 15, 2024	\$84,000			

**Notes:**

- (1) Based on the December 29, 2023, Common Share closing price of \$0.76 less the exercise price of the Option, multiplied by the number of Options in that tranche.
- (2) Tony Makuch was appointed Interim Chief Executive Officer on June 6, 2022, and as President and (non-interim) Chief Executive Officer on January 23, 2023. As remuneration for services provided in his capacity as Interim CEO for the period of June 3, 2022 to December 31, 2022, Mr. Makuch was paid \$277, 083 in base salary, \$155,167 as cash bonus (paid in 2023) and was granted 600,000 stock options. As a result of his appointment as CEO on January 1, 2023, Mr. Makuch was granted a special one-time hire on award of 1,000,000 Options. The actual amount received will be determined by the market value of the Common Shares on the date that Options are exercised.

(3) Mr. Roman Solis was appointed Senior Vice President, Mexico from Vice President, Mexico on January 1, 2024.

(4) On March 5, 2024 the Board approved the 2024 annual grant of RSU's in accordance with the Company's RSU plan. Although the 5-day VWAP was \$0.69 per common share the Board granted the RSU's at a fixed price of \$1.00 per common share to align with shareholder interests.

### Value Vested or Earned During the Year

The following table (presented in accordance with Form 51-102F6) sets forth details of the value vested or earned during the financial year ended December 31, 2023.

Name	Option-based Awards – Value vested during the year (\$) <sup>(1)</sup>	Share-based Awards – Value vested during the year (\$)	Non-Equity Compensation Plan Compensation – Value earned during the year (\$) <sup>(2)</sup>
Tony Makuch Director, President, and Chief Executive Officer <sup>(2) (3)</sup>	Nil	Nil	525,000
Andreas L'Abbé Chief Financial Officer	Nil	Nil	135,625
Gernot Wober VP Exploration	Nil	Nil	142,188
Forbes Gemmell VP Corporate Development	Nil	Nil	131,250
Roman Solis SVP, Mexico	Nil	Nil	126,875

**Notes:**

- (1) All Options that vested during the financial year ended December 31, 2023 were "out-of-the-money". Value vested during the year is calculated based on the difference between the closing price of the Common Shares on the TSX on the vesting date and the exercise price of the Option, multiplied by the number of Options vested.
- (2) Comprised of cash bonus awarded at the discretion of the Compensation Committee, forming part of the total compensation for the financial year for the NEOs in question. This amount was paid in 2024.
- (3) Tony Makuch was appointed President and Chief Executive Officer on January 23, 2023. Mr. Makuch was granted 400,000 stock options when initially appointed as director of the company on April 11, 2022 with a vesting schedule of 50% on grant and 50% on the first anniversary of the grant date. As remuneration for services provided in his capacity as Interim CEO for the period of June 3, 2022 to December 31, 2022, Mr. Makuch was granted 600,000 stock options in January 2023. As a result of his appointment as CEO on January 1, 2023, Mr. Makuch was granted a special one-time hire on award of 1,000,000 Options and a special one-time hire on award of 500,000 RSU's. The actual amount received will be determined by the market value of the shares on the date that the corresponding securities are exercised for shares and or vest.

## Option Exercise Gains realized by Executives

Between January 1, 2023 and December 31, 2023, no NEOs exercised Options.

Name	Number of Options (#)	Exercise Price	Market Price on date of exercise	Realized Gain (\$) <sup>(1)</sup>
Tony Makuch Director, President, and Chief Executive Officer	N/A	N/A	N/A	N/A
Anthony Esplin Chief Operating Officer	N/A	N/A	N/A	N/A
Andreas L'Abbé Chief Financial Officer	N/A	N/A	N/A	N/A
Gernot Wober VP Exploration	N/A	N/A	N/A	N/A
Forbes Gemmill VP Corporate Development	N/A	N/A	N/A	N/A

### Notes:

(1) Realized gain is calculated as the market price on the date of exercise less the exercise price of the Option multiplied by the number of Options exercised.

## PENSIONS PLAN BENEFITS

No pension, retirement, defined contribution, or deferred contribution plans have been instituted by the Company or any of its subsidiaries, and none are proposed to be adopted at this time.

## TERMINATION AND CHANGE OF CONTROL BENEFITS

Upon hire or promotion, all members of the senior executive team enter into an agreement with the Company relating to their employment for an indefinite period. The employment agreements set out compensation terms for the executive, along with additional terms and conditions of employment. In general, the employment agreements will provide for:

- Base salary
- Bonus
- Participation in equity incentive plans
- Outline of benefits and applicable perquisites

In addition, the employment agreements include various restrictions on disclosure of confidential information, competing against the Company and restrictions on non-solicitation in the event the executive is terminated or resigns from their position.

**Compensation on Termination Without Cause or Termination Following a Change of Control**

The tables below outline the compensation payable to the CEO, the NEOs other than the SVP Mexico and the SVP Mexico whose entitlement differs as a result of certain Mexican labour regulations, in the event of a termination without cause by the Company, a termination following a change of control, or the resignation of an executive following a Triggering Event. In this context and as a general summary, a “Triggering Event” is a material adverse change which occurs without the CEO’s written agreement to any of the CEO’s duties, powers, rights, title, or salary, as they existed immediately prior to a change of control.

Provision	Termination Without Cause	Termination Following Change of Control (including 12 months following a Change of Control or if a Triggering Event occurs)
<b>CEO</b>		
Lump sum severance payment equal to the aggregate of:	Two times base salary, and the greater of the target bonus and bonus paid in the preceding year.  Unpaid salary and the greater of target bonus and bonus paid in the preceding year, prorated to the date of termination.	Two times base salary, and the greater of the target bonus and bonus paid in the preceding year.  Unpaid salary and the greater of target bonus and bonus paid in the preceding year, prorated to the date of termination.
Benefits:	Continuation of participation in any pension, RRSP matching, disability and life insurance benefits and other perquisites as the Company has in effect for a period of two years following the date of termination, or a lump sum to obtain comparable replacement benefits.	Continuation of participation in any pension, RRSP matching, disability and life insurance benefits and other perquisites as the Company has in effect for a period of two years following the date of termination, or a lump sum to obtain comparable replacement benefits.
RSUs and Options:	All RSUs and Options will immediately vest on the date of termination.	On the date of termination, all Options will immediately vest and all RSUs will immediately be redeemable.
<b>NEOs (other than SVP Mexico)</b>		
Lump sum severance payment equal to the aggregate of:	Unpaid salary, lump sum amount equal to 1 x base salary, bonus earned to termination date (upon condition that executive worked until the end of the year and satisfied all conditions of bonus)	Unpaid salary, 24 months base salary, and bonus equal to the average annual cash bonus amount for the 24 months preceding termination.
Benefits	Continued coverage under the Company’s health, medical, and other benefit plans until the earlier of (i) the date the NEO obtains new employment with such benefits, and (ii) one year from the termination date.	Continued coverage under the Company’s health, medical, and other benefit plans until the earlier of (i) the date the NEO obtains new employment with such benefits, and (ii) the second anniversary of the termination date.
RSUs and Options:	Vesting of all options continue to the termination date and remain open for exercise until the earlier of their expiry or 90 days from the Termination Date. Unvested options are cancelled.  All RSUs will immediately be redeemable.	On the date of termination, all Options will immediately vest and all RSUs will immediately be redeemable.

Provision	Termination Without Cause	Termination Following Change of Control (including 12 months following a Change of Control or if a Triggering Event occurs)
<b>SVP, MEXICO</b>		
Lump sum severance payment equal to the aggregate of:	Unpaid salary, lump sum amount equal to 1 x base salary, bonus equal to the greater of 1 x annual bonus at target or bonus amount earned the previous year	Unpaid salary, lump sum amount equal to 1 x base salary, bonus equal to the greater of 1 x annual bonus at target or bonus amount earned the previous year
Benefits	Continued coverage under the Company's health, medical, and other benefit plans until the earlier of (i) the date the NEO obtains new employment with such benefits, and (ii) one year from the termination date.	Continued coverage under the Company's health, medical, and other benefit plans until the earlier of (i) the date the NEO obtains new employment with such benefits, and (ii) one year from the termination date.
RSUs and Options:	Vesting of all options continue to the termination date and remain open for exercise until the earlier of their expiry or 90 days from the Termination Date. Unvested options are cancelled.  All RSUs will immediately be redeemable.	On the date of termination, all Options will immediately vest and all RSUs will immediately be redeemable.

As a general summary, in the context of compensation payable to the NEOs and as set out in their respective employment agreements: (i) change of control means the occurrence of a consolidation, merger, amalgamation, or other reorganization of the Company and its subsidiaries resulting in the change of control of more than 50% of the Company's outstanding common shares, or an acquisition of more than 50% of the shares of the Company; (ii) in the CEO's employment agreement, change of control also includes a sale of more than 50% of the consolidated assets of the Company and its subsidiaries, or a resolution adopted by the Board that a change of control has occurred or is imminent; and (iii) in the employment agreements of each NEO except for the CEO, change of control also includes a sale of all or substantially all of the assets of the Company, or the removal by extraordinary resolution of the Company's shareholders of more than 51% of the then-incumbent directors of the Company or the election of a majority of directors to the Board who were not nominees of the Company's incumbent Board at the time immediately preceding such election.

## Compensation on Retirement or Death

Provision	Retirement	Death
<b>Salary</b>	<u>All NEOs:</u> Unpaid salary and accrued vacation pay to date of termination.	<u>All NEOs:</u> Unpaid salary and accrued vacation pay to date of termination.
<b>Pension and Benefits:</b>	<u>All NEOs:</u> Health and medical benefits cease effective the date of retirement. Pension benefits cease and NEOs retain accumulated value to the date of retirement.	<u>All NEOs:</u> Health and medical benefits cease, pension benefits cease as of the date of death and accumulated value to date is assumed by beneficiary.
<b>RSUs and Options:</b>	<u>All NEOs:</u> All Options will terminate on the earlier of their expiry date and the date that is 90 days after the NEO's termination, subject to any extensions at the discretion of the Board. All RSUs will immediately be cancelled.	<u>All NEOs:</u> All Options will terminate on the earlier of their expiry date and the date that is six months after the NEO's death, subject to any extensions at the discretion of the Board. All RSUs will immediately be redeemable.

## Summary of Termination Payments

The estimated incremental payments, payables, and benefits that might be paid to the current NEOs pursuant to the above noted agreements in the event of termination without cause or after a change in control, assuming such termination without cause or change of control occurred as of the date hereof, are detailed below.

Name	Termination Without Cause (\$) <sup>(1)</sup>	Termination on Change of Control (\$) <sup>(1)</sup>
Tony Makuch <sup>(2)</sup> Director, President, and Chief Executive Officer	Salary: \$1,200,000 Bonus: \$750,000 Total: \$1,950,000	Salary: \$1,200,000 Bonus: \$750,000 Total: \$1,950,000
Andreas L'Abbé <sup>(3)</sup> Chief Financial Officer	Salary: \$310,000 Bonus: \$38,750 Total: \$348,750	Salary: \$620,000 Bonus: \$223,750 Total: \$843,750
Gernot Wober <sup>(4)</sup> VP Exploration	Salary: \$325,000 Bonus: \$40,625 Total: \$365,625	Salary: \$650,000 Bonus: \$273,250 Total: \$923,250
Forbes Gemmill <sup>(5)</sup> VP Corporate Development	Salary: \$310,000 Bonus: \$38,750 Total: \$348,750	Salary: \$620,000 Bonus: \$223,750 Total: \$843,750

Name	Termination Without Cause (\$) <sup>(1)</sup>	Termination on Change of Control (\$) <sup>(1)</sup>
Roman Solis <sup>(6)</sup> SVP, Mexico	Salary: \$305,000 Bonus: \$152,500 Total: \$457,500	Salary: \$305,000 Bonus: \$152,500 Total: \$457,500

- (1) The bonus on Termination without cause for NEOs (except the CEO) assumes a termination date of April 5, 2024 with the bonus payment calculated as total target achieved (50% of base salary) prorated for the period prior to the assumed termination date of March 31, 2024. The bonus on Termination on Change of Control for NEOs (except the CEO) assumes a change of control date of April 5, 2024 with the bonus payment calculated as the average annual cash bonus paid for the 24 months preceding change of control.
- (2) Tony Makuch, President and Chief Executive Officer, has a management agreement in effect with the Company which provides him with an annual salary of \$600,000 per year. There was no increase in base compensation for 2024.
- (3) Andreas L'Abbé, Chief Financial Officer and Corporate Secretary, has a management agreement in effect with the Company which provides him with an annual salary of \$310,000 per year. There was no increase in base compensation for 2024.
- (4) Gernot Wober, VP Exploration, has a management agreement in effect with the Company which provides him with an annual salary of \$325,000 per year. There was no increase in base compensation for 2024.
- (5) Forbes Gemmell, VP Corporate Development, has a management agreement in effect and amended effective January 1, 2024, with the Company which provides him with an annual salary of \$310,000 per year.
- (6) Roman Solis, SVP Mexico has a management agreement in effect and amended effective January 1, 2024, with the Company which provides him with an annual salary of \$305,000 per year.

## DIRECTOR COMPENSATION

Compensation of directors of the Company is reviewed annually and determined by the Compensation Committee of the Board with input from independent third-party reports. The level of compensation for directors is determined after consideration of various relevant factors, including input from independent third-party reports, the expected nature and quantity of duties and responsibilities, past performance, comparison with compensation paid by other issuers of comparable size and nature, and the availability of financial resources.

In the Board's view, there is, and has been, no need for the Company to design or implement a formal compensation program for directors. While the Board considers Option, DSU, and RSU grants to directors under the Option Plan, the DSU Plan, and the RSU Plan from time to time to non-executive directors, the Board does not employ a prescribed methodology when determining the grant or allocation of Options, DSUs, or RSUs. Other than the Option Plan, the DSU Plan, and the RSU Plan, as discussed above, the Company does not offer any long-term incentive plans, share compensation plans, or any other such benefit programs for directors.

In 2024, the Company did not grant any stock options to non-executive directors. The Company is looking to phase out the use of stock options entirely over time so ensure proper alignment between the non-executive directors and shareholders. Similarly, in 2024 the Board did not approve any increase to the cash retainer fees of the directors in order to ensure the Company was properly allocating its financial resources. In order to compensate and attract the right caliber of directors who can assist the Company through its next phase of development and beyond, the Board approved a DSU grant to directors in 2024 to further align director and shareholder interests. Further, the Board encourages directors to take a portion of their limited cash retainers in the form of DSUs. DSUs are only paid to directors upon separation from the Board.

The following table (presented in accordance with Form 51-102F6) sets forth all amounts of compensation provided to the directors (other than Mr. Makuch) for the Company's financial year ended December 31, 2023.

Name	Fees earned (\$) <sup>(1)</sup>	Share-based awards (\$) <sup>(2)</sup>	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$) <sup>(3)</sup>	Total (\$)
Murray John	85,000	300,000	Nil	Nil	Nil	Nil	385,000
Jeff Parr	55,000	300,000	Nil	Nil	Nil	Nil	355,000
Moira Smith	45,000	300,000	Nil	Nil	Nil	Nil	345,000
Daniel Vickerman	45,000	300,000	Nil	Nil	Nil	Nil	345,000
Jennifer Wagner	60,000	300,000	Nil	Nil	Nil	Nil	360,000
Barry Olson <sup>(4)</sup>	12,596	300,000	Nil	Nil	Nil	Nil	312,596

**Notes:**

- (1) Includes all fees awarded, earned, paid, or payable in cash for services as a director, including annual retainer fees, committee, chair, and meeting fees. The annual retainer for board members is \$35,000. The Chair of the Board receives an additional \$35,000, the Chair of the Audit Committee receives an additional \$15,000 while the Chairs of the other committees receive an additional \$10,000. Directors also receive an additional \$5,000 per committee of which they are a member. Chairs of the committees do not receive this additional \$5,000.
- (2) The fair values of the share units granted are equal to the maximum allowable annual grant value of \$150,000 and an initial grant value of \$150,000 allowable under the DSU plan for the year ended December 31, 2023. The actual amount received will be determined by the market value of the shares on the date that the corresponding shares are received by the directors.
- (3) Includes all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company, or a subsidiary of the Company, to a director in any capacity, under any other arrangement, including all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given, or otherwise provided to the director for services provided, directly or indirectly, to the Company or a subsidiary of the Company.
- (4) Barry Olson was appointed to the Board on August 21, 2023.

**Outstanding Share-Based Awards and Option-Based Awards**

The following tables (presented in accordance with Form 51-102F6) sets forth for each director all awards outstanding at the end of the financial year ended December 31, 2023, including awards granted, but not necessarily vested, before December 31, 2023.

Name	OPTION-BASED AWARDS <sup>(1)</sup>				SHARE-BASED AWARDS		
	Number of securities underlying unexercised Options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money Options (\$) <sup>(1)</sup>	Number DSUs that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Murray John	500,000	\$2.05	Jan 5, 2027	Nil	216,005	164,164	Nil
	500,000	\$1.89	Jan 12, 2026	Nil			
	200,000	\$0.47	Apr 27, 2025	58,000			
Jeff Parr	400,000	\$2.05	Jan 5, 2027	Nil	216,005	164,164	Nil
	400,000	\$1.89	Jan 12, 2026	Nil			
	350,000	\$0.47	Apr 27, 2025	101,500			
	350,000	\$0.48	Aug 15, 2024	98,000			
Jennifer Wagner	400,000	\$2.05	Jan 5, 2027	Nil	216,005	164,164	Nil
	300,000	\$2.08	Mar 12, 2026	Nil			
Moira Smith	400,000	\$2.05	Jan 5, 2027	Nil	216,005	164,164	Nil
	400,000	\$1.89	Jan 12, 2026	Nil			
	350,000	\$0.47	Apr 27, 2025	101,500			
	350,000	\$0.48	Aug 15, 2024	98,000			
Daniel Vickerman	400,000	\$2.05	Jan 5, 2027	Nil	216,005	164,164	Nil
	250,000	\$1.89	Jan 12, 2026	Nil			
	110,000	\$0.47	Apr 27, 2025	31,900			
	85,000	\$0.48	Aug 15, 2024	23,800			
Barry Olson	Nil	Nil	NA	Nil	395,972	300,939	Nil

**Notes:**

- (1) Based on the Common Share closing price of \$0.76 less the price of the Option, multiplied by the number of Options in that tranche.
- (2) On March 5, 2024 the Board approved the 2024 annual grant of DSU's for Directors at a fixed value of \$150,000 per Director in accordance with the Company's DSU plan. Although the 5-day VWAP was \$0.69 per common share the Board granted the DSU's at a fixed price of \$1.00 per common share to align with shareholder interests.

### Value Vested or Earned During the Year

The following table (presented in accordance with Form 51-102F6) sets forth details of the value vested or earned during the financial year ended December 31, 2023.

Name	Option-based Awards – Value vested during the year (\$) <sup>(1)</sup>	Share-based Awards – Value vested during the year (\$)	Non-Equity Compensation Plan Compensation – Value earned during the year (\$) <sup>(2)</sup>
Murray John	Nil	Nil	Nil
Jeff Parr	Nil	Nil	Nil
Moira Smith	Nil	Nil	Nil
Daniel Vickerman	Nil	Nil	Nil
Jennifer Wagner	Nil	Nil	Nil
Barry Olson	Nil	Nil	Nil

**Notes:**

- (1) All Options that vested during the financial year ended December 31, 2023 were “out-of-the-money”. Value vested during the year is calculated based on the difference between the closing price of the Common Shares on the TSX on the vesting date and the exercise price of the Option, multiplied by the number of Options vested.
- (2) Comprised of cash bonus awarded at the discretion of the Compensation Committee, forming part of the total compensation for the financial year for the directors in question.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides details of compensation plans under which equity securities of the Company were authorized for issuance as of December 31, 2023:

Plan Category	Number of securities to be issued upon exercise of outstanding options, RSUs, or DSUs	Weighted-average price of outstanding options, RSUs, or DSUs (\$)	Number of securities remaining available for future issuance under equity compensation plans <sup>(4)</sup>
Equity compensation plans approved by securityholders	19,993,658 Options <sup>(1)</sup> 3,491,631 RSUs <sup>(2)</sup> 1,475,997 DSUs <sup>(3)</sup> Total: 24,961,286	\$1.42 for Options \$0.95 for RSUs \$0.95 for DSUs	14,610,737
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	19,993,658 Options <sup>(1)</sup> 3,491,631 RSUs <sup>(2)</sup> 1,475,997 DSUs <sup>(3)</sup> Total: 24,961,286	\$1.42 for Options \$0.95 for RSUs \$0.95 for DSUs	14,610,737

**Notes:**

- (1) Represents the number of Common Shares reserved for issuance upon exercise of the denoted outstanding Options issued in accordance with the terms of the Stock Option Plan.
- (2) Represents the number of Common Shares reserved for issuance upon maturity of the denoted outstanding RSUs in accordance with the terms of the RSU Plan. The weighted average price for RSUs is the closing share price at the date of this Circular. The actual price will be determined by the market value of the Common Shares on the date that the RSUs are exercised.
- (3) Represents the number of Common Shares reserved for issuance upon maturity of the denoted outstanding DSUs in accordance with the terms of the DSU Plan. The weighted average price for DSUs is the closing share price at the date of this Circular. The actual price will be determined by the market value of the Common Shares on the date that the DSUs are exercised.
- (4) Based on the maximum aggregate number of Common Shares that were available for issuance under all equity compensation plans of the Company, collectively, being 35,194,158 Common Shares, or 10% of the 351,941,580 outstanding Common Shares as at December 31, 2022.

Subsequent to December 31, 2023, and to the date of this Circular, the Company issued an aggregate of 3,079,000 RSUs and 900,000 DSUs. A total of 673,333 options were cancelled and 777,466 RSUs were released, resulting in a total aggregate of 19,320,325 Options, 5,793,165 RSUs, and 2,375,997 DSUs issued and outstanding as of the date of this Circular. Further information on these equity compensation issuances is available in the Company's Annual Information Form for the year ended December 31, 2023, available under the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and on the Company's website at [www.discoverysilver.com](http://www.discoverysilver.com).

The Stock Option Plan, the RSU Plan, and the DSU Plan are consistent with current TSX policies and are summarized below.

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## EQUITY COMPENSATION PLANS

### Stock Option Plan

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The Company has adopted the Option Plan, pursuant to which the Board may grant stock options (each, an “**Option**”) to directors, officers, employees, and consultants and employees of the Company or its affiliated corporations who are eligible participants under the terms of the Option Plan. The purpose of the Option Plan is to attract, retain, and motivate directors, officers, employees, and consultants by providing them with the opportunity, through Options, to acquire an interest in the Company and benefit from the Company’s growth.

Under the Option Plan:

- the maximum number of Common Shares that may be reserved for issuance upon the exercise of Options granted thereunder, together with the aggregate number of Common Shares which may be issuable under any other security-based compensation plan of the Company, is limited to 10% of the issued and outstanding Common Shares at the time of grant. If an Option is surrendered, terminated, or expires without being exercised, the Common Shares reserved for issuance pursuant to such Option will become available for new Options granted under the Option Plan;
- the aggregate number of Common Shares reserved for issuance to any one eligible person in any 12-month period under the Option Plan and any other security-based compensation plan of the Company may not exceed 5% of the issued and outstanding Common Shares at the time of the grant;
- the aggregate number of Common Shares issued to Insiders of the Company pursuant to the exercise of Options, with any 12-month period, under the Option Plan and any other security-based compensation plan of the Company may not exceed 10% of the Company’s issued and outstanding securities at the time of the grant; and
- the aggregate number of Common Shares reserved for issuance to insiders of the Company under the Option Plan and any other security-based compensation plan of the Company may not exceed 10% of the Company’s issued and outstanding securities at the time of the grant.

The Option Plan provides the Board with the authority to establish the exercise price of an Option at the time that each Option is granted, provided that the exercise price shall be established as one of the following: (i) an exercise price that is not less than the “market price” of the Common Shares, as the term “market price” is defined in the TSX Company Manual, (ii) an exercise price that is the closing market price of the Common Shares on the trading day preceding the date of grant of the Options, or (iii) an exercise price that is not less than the weighted average of the trading prices or average daily high and low board lot trading prices on the five consecutive trading days preceding the date of grant of the Options.

The directors of the Company may, by resolution, determine the time period during which any Option may be exercised (the “**Exercise Period**”), provided that the Exercise Period does not contravene any rule or regulation of such exchange on which the Common Shares may be listed.

The Option Plan provides the Board with the authority to determine when any Option will become exercisable, and the Board may determine that the Option will be exercisable in instalments or pursuant to a vesting schedule.

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Options are non-assignable and will terminate on the expiry of their original term. However, the Option Plan provides for early termination of Options in the event of the death of a participant or in the event a participant ceases to be a director, officer, employee, or consultant of the Company or of a subsidiary thereof, as the case may be. Specifically:

- if a participant who is an officer, employee, or consultant is terminated for cause, each Option held by such participant shall terminate and shall therefore cease to be exercisable upon such termination for cause;
- if a Participant dies prior to otherwise ceasing to be an eligible participant, each Option held by such participant shall terminate and shall therefore cease to be exercisable no later than the earlier of the expiry date of the Option and the date which is 6 months after the date of the participant's death, subject to the authority of the Board to, in its discretion and subject to the Option Plan, extend the date of such termination and the resulting period in which such Option remains exercisable; and
- if a Participant ceases to be an eligible participant other than as a result of the circumstances described above (i.e., death or termination for cause), each Option held by such participant shall terminate and shall cease to be exercisable no later than the earlier of the expiry date of the Option and the date which is 90 days after such event, , subject to the authority of the Board to, in its discretion and subject to the Option Plan, extend the date of such termination and the resulting period in which such Option remains exercisable.

The Option Plan provides the Board with the authority to amend or revise the Option Plan and/or outstanding Options, as follows:

- Subject to the requisite shareholder and regulatory approvals, the Board may from time to time amend or revise the terms of the Option Plan or may suspend or discontinue the Plan at any time, provided however that no such action may, without the consent of an eligible participant, in any manner adversely affect the participant's rights under any Option theretofore granted under the Option Plan.
- The Board may, subject to receipt of requisite shareholder and regulatory approval, make certain prescribed amendments to the Option Plan or any Options granted thereunder, including: (i) any amendment to increase the number of securities issuable under the Option Plan; (ii) any reduction to the exercise price of any Option issued under the Option Plan or cancellation and reissue of Options or other entitlements; (iii) any amendment that extends the term of Options beyond the original expiry; and (iv) any other amendments that may lead to significant or unreasonable dilution in the Company's outstanding securities or may provide additional benefits to eligible participants, especially insiders of the Company, at the expense of the Company and its existing shareholders.
- The Board may, and without further shareholder approval, subject to receipt of requisite regulatory approval, where required, in its sole discretion make certain prescribed amendments to the Option Plan or any Option granted and any Option agreement, that are not of the type contemplated above, including: (i) a change to the vesting provisions of an Option or the Option Plan; (ii) a change to the termination provisions of an Option or the Option Plan which does not entail an extension beyond the original expiry date of an Option; (iii) amendments of an administrative nature; (iv) amendments required to comply with applicable laws or the requirements of the TSX or any regulatory body or stock exchange with jurisdiction over the Company; and (v) any change fundamental or otherwise, not requiring shareholder approval under applicable laws or the rules of the TSX, including amendments of a "clerical" or "housekeeping" nature and amendments to ensure that the Options granted under the Option Plan will comply with any provisions respecting income tax and other laws in force in any country or jurisdiction of which an eligible participant may from time to time be resident or a citizen.

- With the consent of the affected participant and any applicable regulatory authorities (if required), and without further shareholder approval, the Board may amend or modify any outstanding Option in any manner to the extent that the Board would have had the authority to initially grant the Option as so modified or amended, including without limitation, to change the date or dates as of which, or the price at which, an Option becomes exercisable. If the amendment of an Option requires regulatory or shareholder approval, such amendment may be made prior to such approvals being given, but no such amended Options may be exercised unless and until such approvals are given.

As of the date of this Circular, there are (i) 19,320,715 Options outstanding under the Option Plan, representing approximately 4.9% of the Company's issued and outstanding Common Shares, 13,666,300 of which are held directly or indirectly by NEOs or directors of the Company, and (ii) in accordance with the terms of the Option Plan, an aggregate of 10,343,257 Common Shares remain available for reservation and issuance upon the exercise of Options which may be granted hereafter, representing approximately 2.6% of the Company's issued and outstanding Common Shares..

During the years ended December 31, 2023, December 31, 2022, and December 31, 2021, the Company's annual burn rate with respect to the Options granted under the Option Plan during these periods was 0.42%, 2.46%, and 1.99%, respectively. The burn rate for Options under the Option Plan is equal to the maximum number of Common Shares subject to the Options granted, divided by the weighted average number of Common Shares outstanding as of December 31, 2023, December 31, 2022, and December 31, 2021, being 382,703,062, 342,905,448, and 324,466,655, respectively.

The Company has not granted any Options in 2024 and is looking to phase out the use of Options entirely over time so ensure proper alignment between the non-executive directors and shareholders.

The Option Plan was last amended and approved by the Shareholders at the Company's annual general meeting on May 12, 2023.

### Restricted Share Unit Plan

The Company has adopted the RSU Plan, pursuant to which the Board may grant restricted share units (each, an "RSU") to employees, officers, and consultants of the Company or affiliated corporations.

The current RSU Plan was most recently amended and approved by the Shareholders at the Company's annual general meeting on May 12, 2023. On April 10, 2024, the Board authorized certain amendments to the RSU Plan as set forth herein, subject to approval of the Shareholders at the Meeting. A resolution to approve the amended RSU Plan will be presented to the Shareholders for approval at the Meeting.

A summary of the proposed revisions to the RSU Plan is set out above in this Circular under "*Business of the Meeting – Amendment and Adoption of Equity Compensation Plans – Summary of Proposed Amendments to RSU Plan*", and the full text of the proposed revisions to the RSU Plan is set out as [Schedule A](#) to this Circular.

The purpose of the RSU Plan is to allow for certain discretionary awards as an incentive and reward for selected eligible persons (employees, consultants and officers) related to the achievement of long-term financial and strategic objectives of the Company and the resulting increases in shareholder value. The RSU Plan is intended to promote a greater alignment of interests between the Shareholders and the selected eligible persons by providing an opportunity to participate in increases in the value of the Company. RSUs track the value of the underlying Common Shares but do not entitle the recipient to the actual underlying Common Shares until such RSUs vest. It is at the discretion of the Board whether the value of the RSUs on vesting is settled in Common Shares or cash, or a combination of both.

The maximum number of Common Shares available for issuance upon the vesting of RSUs under the current RSU Plan is the lower of (i) 7,000,000 Common Shares, and (ii) in combination with all security-based compensation arrangements of the Company (including the Option Plan and the DSU Plan), 10% of the issued and outstanding Common Shares (on a non-diluted basis), or such greater number of Common Shares as shall have been duly approved by the Board and, if required, by the TSX (if applicable) or any other stock exchange on which the Common Shares may then be listed, and by the Shareholders.

Under the RSU Plan, if and for so long as the Common Shares are listed on the TSX, the number of Common Shares which may be issuable under the RSU Plan and any other security-based compensation plan of the Company:

- to any one eligible participant, shall not exceed 5% of the total number of issued and outstanding Common Shares on a non-diluted basis at the grant date;
- within any one-year period: (i) to any one eligible participant, shall not exceed 5% of the total number of issued and outstanding Common Shares on the grant date (on a non-diluted basis); and (ii) to insiders of the Company as a group, shall not exceed 10% of the total number of issued and outstanding Common Shares on the grant date (on a non-diluted basis); and
- to insiders of the Company as a group, shall not exceed 10% of the total number of issued and outstanding Common Shares (on a non-diluted basis).

The RSU Plan provides that, unless redeemed earlier in accordance with the RSU Plan, the RSUs of each eligible participant will be redeemed on or about (but not later than 30 days following) each applicable redemption date, but in any case no later than December 31 of the third calendar year following the year in which the grant date occurs, and the eligible participant will be entitled to receive and the Company will issue and/or pay to the eligible participant, as applicable and as determined by the Board in its sole discretion: (i) a number of Common Shares equal to the number of RSUs (net of any applicable statutory withholdings) that have vested on the redemption date(s), (ii) a cash amount equal to the number of Common Shares set out in subsection (i) above multiplied by the applicable share price (as prescribed by the RSU Plan) on the applicable redemption date, net of any applicable statutory withholdings, or (iii) a combination of the foregoing.

The RSU Plan provides the Board with the authority to determine that the RSUs will be redeemable in instalments or pursuant to a vesting schedule, subject to the terms of the RSU Plan.

RSUs granted under the RSU Plan are not transferable or assignable other than by will or the laws of descent and distribution, and are treated as follows in the event of a termination of employment or death of the eligible participant:

- If an eligible participant is terminated by the Company for cause, or if an eligible participant voluntarily terminates employment for any reason prior to a redemption date, all of the eligible participant's RSUs shall be cancelled and no amount shall be paid by the Company to the eligible participant in respect of the RSUs so cancelled.
- The RSUs of an eligible participant which have vested who is involuntarily terminated by the Company, for reasons other than cause, shall be redeemed on the redemption date for an equal number of Common Shares, cash consideration in lieu thereof or a combination of both, as determined by the Board in its sole discretion.

- All of the Restricted Share Units of an Eligible Person who dies shall be redeemed on the redemption date (being, the date of the eligible participant's death) for an equal number of Common Shares, cash consideration in lieu thereof or a combination of both, as determined by the Board in its sole discretion.

The RSU Plan provides the Board with the authority to amend or revise the RSU Plan and/or outstanding RSUs, as follows:

- The Board may in its sole discretion, amend, suspend or terminate the RSU Plan or any portion thereof at any time, in accordance with applicable legislation, provided that such amendment, suspension, or termination (i) may require shareholder approval and/or TSX approval, and (ii) shall not adversely affect the rights of any eligible participant with respect to the RSUs to which the eligible participant is then entitled under the RSU Plan without the consent of the eligible participant.
- The Board may, subject to receipt of requisite shareholder and regulatory approval, make certain prescribed amendments to the RSU Plan or any RSUs granted thereunder, including: (i) any amendment to increase the number of securities issuable under the RSU Plan; (ii) any amendment that extends the term of RSUs beyond the original expiry date; (iii) any amendment to the amending provisions of the RSU Plan, or which would permit RSUs to be assigned or transferred, other than for normal estate settlement purposes; and (iv) any other amendments that may lead to significant or unreasonable dilution in the Company's outstanding securities or may provide additional benefits to eligible participants, especially insiders of the Company, at the expense of the Company and its existing shareholders.
- The Board may, and without further shareholder approval, subject to receipt of requisite regulatory approval, where required, in its sole discretion make certain prescribed amendments to the RSU Plan or any RSU granted and any grant agreement, that are not of the type contemplated above, including: (i) a change to the vesting provisions of a RSU or the RSU Plan; (ii) a change to the termination provisions of a RSU or the RSU Plan which does not entail an extension beyond the original expiry date; (iii) amendments of an administrative nature or which are required to comply with applicable laws or the requirements of the TSX or any regulatory body or stock exchange with jurisdiction over the Company; and (iv) any change fundamental or otherwise, not requiring shareholder approval under applicable laws or the rules of the TSX, including amendments of a "clerical" or "housekeeping" nature and amendments to ensure that the RSUs granted under the RSU Plan will comply with any provisions respecting income tax and other laws in force in any country or jurisdiction of which an eligible participant may from time to time be resident or a citizen.
- With the consent of the affected participant and any applicable regulatory authorities (if required), and without further shareholder approval, the Board may amend or modify any outstanding RSU in any manner to the extent that the Board would have had the authority to initially grant the RSU as so modified or amended, including without limitation, to change the date or dates as of which a Restricted Share Unit becomes redeemable. If the amendment of a RSU requires regulatory or shareholder approval, such amendment may be made prior to such approvals being given, but no such amended RSU may be redeemed unless and until such approvals are given.

As of the date of this Circular, there are (i) 5,793,165 RSUs outstanding under the RSU Plan, representing approximately 1.5% of the Company's issued and outstanding Common Shares, 4,782,561 of which are held directly or indirectly by NEOs or directors of the Company, and (ii) in accordance with the terms of the current RSU Plan, an aggregate of 1,206,835 Common Shares remain available for reservation and issuance upon the vesting of RSUs which may be granted hereafter, representing approximately 0.30% of the Company's issued and outstanding Common Shares.

The RSU Plan was most recently approved by shareholders in May 2023. During the years ended December 31, 2023, December 31, 2022, and December 31, 2021, the Company's annual burn rate with respect to the RSUs granted under the RSU Plan during these periods was 1.05%, 0.07%, and Nil% respectively (there were no RSUs granted during the year ended December 31, 2021). The burn rate for RSUs under the RSU Plan is equal to the maximum number of Common Shares subject to the RSU awards divided by the weighted average number of Common Shares outstanding of December 31, 2023, December 31, 2022, and December 31, 2021, being 382,703,062, 342,905,448, and 324,466,655, respectively.

## Deferred Share Unit Plan

The Company has adopted the DSU Plan, pursuant to which the Board may grant deferred share units (each, a "DSU") to non-employee directors of the Company or its subsidiaries, or to directors of the Company or its subsidiaries otherwise designated by the Board to be eligible for the DSU Plan.

The DSU Plan was most recently amended and approved by the Shareholders at the Company's annual general meeting on May 12, 2023. On April 10, 2024, the Board authorized certain amendments to the DSU Plan as set forth herein, subject to approval of the Shareholders at the Meeting. A resolution to approve the amended DSU Plan will be presented to the Shareholders for approval at the Meeting.

A summary of the proposed revisions to the DSU Plan is set out above in this Circular under "*Business of the Meeting – Amendment and Adoption of Equity Compensation Plans – Summary of Proposed Amendments to DSU Plan*", and the full text of the proposed revisions to the DSU Plan is set out as Schedule B to this Circular.

The purpose of the DSU Plan is to provide eligible directors of the Company with the opportunity to acquire DSUs and enable them to participate in the long-term success of the Company and to promote a greater alignment of interests between directors of the Company and its Shareholders. A DSU essentially tracks the value of the underlying Common Shares but does not entitle the recipient to the actual underlying Common Shares until such DSU vests. It is at the discretion of the Board whether the value of the DSUs on vesting is settled in Common Shares or cash, or a combination of both.

The maximum number of Common Shares available for issuance upon the vesting of DSUs under the current DSU Plan is limited 3,000,000 Common Shares, and in combination with all security-based compensation arrangements of the Company (including the Option Plan and the DSU Plan), 10% of the issued and outstanding Common Shares (on a non-diluted basis) or such greater number of Common Shares as shall have been duly approved by the Board and, if required, by the TSX (if applicable) or any other stock exchange on which the Common Shares may then be listed, and by the Shareholders.

Under the DSU Plan, if and for so long as the Common Shares are listed on the TSX, the number of Common Shares which may be issuable under the DSU Plan and any other security-based compensation plan of the Company:

- to any one eligible participant, shall not exceed 5% of the total number of issued and outstanding Common Shares on a non-diluted basis at the grant date;
- within any one-year period: (i) to any one eligible participant, shall not exceed 5% of the total number of issued and outstanding Common Shares on the grant date (on a non-diluted basis); and (ii) to insiders of the Company as a group, shall not exceed 10% of the total number of issued and outstanding Common Shares on the grant date (on a non-diluted basis);

- to insiders of the Company as a group, shall not exceed 10% of the total number of issued and outstanding Common Shares (on a non-diluted basis); and
- to each Participant shall not exceed an annual grant date value of C\$150,000 under the DSU Plan and all other security-based compensation plans of the Company in the aggregate, excluding: (i) the value of the initial grant of DSUs to the participant, as of the grant date of such DSUs; and (ii) any amount of remuneration that a participant has elected to receive in the form of DSUs in lieu of cash on a value-for-value exchange.

The DSU Plan provides that each participant shall be entitled to redeem his or her DSUs during the period commencing on the business day immediately following the applicable termination date and ending on the 90th day following the said termination date. Upon redemption, subject to the terms of the DSU Plan, the participant shall be entitled to receive, and the Company shall issue or provide, as applicable and as determined by the Board in its sole discretion: (i) a number of Common Shares issued from treasury equal to the number of DSUs in the participant's account, subject to any applicable deductions and withholdings, (ii) a number of Common Shares purchased by an independent administrator of the DSU Plan in the open market (for the purpose of satisfying the Company's redemption obligations) equal to the number of DSUs in the participant's account, subject to any applicable deductions and withholdings, (iii) a cash amount equal to the number of DSUs multiplied by the applicable share price (as prescribed by the DSU Plan), subject to any applicable deductions and withholdings, or (iv) a combination of the foregoing.

DSUs granted under the DSU Plan are not transferable or assignable other than by will or the laws of descent and distribution.

The DSU Plan provides the Board with the authority to amend or revise the DSU Plan and/or outstanding DSUs, as follows:

- The Board may in its sole discretion, amend, suspend or terminate the DSU Plan or any portion thereof at any time, in accordance with applicable legislation, provided that such amendment, suspension, or termination (i) may require shareholder approval and/or TSX approval, and (ii) shall not adversely affect the rights of any eligible participant with respect to the DSUs to which the eligible participant is then entitled under the DSU Plan without the consent of the eligible participant.
- Unless otherwise required by the TSX, the Board may make the following amendments to the DSU Plan, without obtaining shareholder approval: (i) amendments to the terms and conditions of the DSU Plan necessary to ensure that the DSU Plan complies with the applicable regulatory requirements, including the rules of the TSX, in place from time to time; or (ii) amendments to the DSU Plan that are of a "housekeeping" nature, including for the purposes of making formal minor or technical modifications to any of the provisions of the DSU Plan, or to correct any ambiguity, defective provision, error, or omission in the provisions of the DSU Plan, provided that no such amendment of the DSU Plan may be made without the consent of each affected participant in the DSU Plan if such amendment would adversely affect the rights of such affected participant(s) under the DSU Plan.
- The Board may, subject to receipt of requisite shareholder and regulatory approval, make certain prescribed amendments to the DSU Plan or any DSUs granted thereunder, including: (i) any amendment to increase the number of securities issuable under the DSU Plan; (ii) any amendment that extends the term of DSUs beyond the original expiry date; (iii) any amendment to the amending provisions of the DSU Plan, or which would permit DSUs to be assigned or transferred, other than for normal estate settlement purposes; and (iv) any other amendments that may lead to significant or unreasonable dilution in the Company's outstanding securities or

may provide additional benefits to eligible participants, especially insiders of the Company, at the expense of the Company and its existing shareholders.

- The Board may, and without further shareholder approval, subject to receipt of requisite regulatory approval, where required, in its sole discretion make certain prescribed amendments to the DSU Plan or any DSU granted and any grant agreement, that are not of the type contemplated above, including: (i) a change to the vesting provisions of a DSU or the DSU Plan; (ii) a change to the termination provisions of a DSU or the DSU Plan which does not entail an extension beyond the original expiry date; (iii) amendments of an administrative nature or which are required to comply with applicable laws or the requirements of the TSX or any regulatory body or stock exchange with jurisdiction over the Company; and (iv) any change fundamental or otherwise, not requiring shareholder approval under applicable laws or the rules of the TSX, including amendments of a “clerical” or “housekeeping” nature and amendments to ensure that the RSUs granted under the RSU Plan will comply with any provisions respecting income tax and other laws in force in any country or jurisdiction of which an eligible participant may from time to time be resident or a citizen.
- With the consent of the affected participant and any applicable regulatory authorities (if required), and without further shareholder approval, the Board may amend or modify any outstanding DSU in any manner to the extent that the Board would have had the authority to initially grant the DSU as so modified or amended. If the amendment of a DSU requires regulatory or shareholder approval, such amendment may be made prior to such approvals being given, but no such amended RSU may be redeemed unless and until such approvals are given.

As of the date of this Circular, there are (i) 2,375,997 DSUs outstanding under the DSU Plan, representing approximately 0.6% of the Company’s issued and outstanding Common Shares, 2,375,997 of which are held directly or indirectly by NEOs or directors of the Company and (ii) in accordance with the terms of the current DSU Plan, an aggregate of 624,003 Common Shares remain available for reservation and issuance upon the vesting of DSUs which may be granted hereafter, representing approximately 0.16% of the Company’s issued and outstanding Common Shares.

The DSU Plan was most recently approved by shareholders in May 2023. During the years ended December 31, 2023, December 31, 2022, and December 31, 2021, the Company’s annual burn rate with respect to the DSUs granted under the DSU Plan during these periods was 0.39%, Nil%, and Nil% respectively (there were no DSUs granted during the years ended December 31, 2022 or 2021). The burn rate for DSUs under the DSU Plan is equal to the maximum number of Common Shares subject to the DSU awards divided by the weighted average number of Common Shares outstanding of December 31, 2023, December 31, 2022, and December 31, 2021, being 382,703,062, 342,905,448, and 324,466,655 respectively.

## ADDITIONAL MATTERS

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the Company’s directors or executive officers, nor any associate of such director or executive officer is as at the date hereof, or has been, during the year ended December 31, 2023, indebted to the Company or any of its subsidiaries in connection with a purchase of securities or otherwise. In addition, no indebtedness of these individuals to another entity has been the subject of a guarantee, support agreement, letter of credit, or similar arrangement or understanding of the Company or any of its subsidiaries.

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## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

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No informed person of the Company, nominee for election as a director of the Company, or any associate or affiliate of an informed person or nominee, has had any material interest, direct or indirect, in any transaction involving the Company, or in any proposed transaction which has materially affected or would materially affect the Company or its subsidiaries since January 1, 2023 and to the date Record Date.

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## MANAGEMENT CONTRACTS

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Neither the Company nor any of its subsidiaries are parties to any agreements or arrangements whereby the management functions of the Company or any of its subsidiaries are to any substantial degree performed other than by the directors or executive officers of the Company.

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## FINANCIAL INFORMATION AND NON-GAAP MEASURES

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The Company has prepared its consolidated financial statements, in accordance with non-IFRS GAAP (generally accepted accounting principles) performance measures as it believes that these generally accepted industry performance measures provide a useful indication of the Company's operational performance. These non-IFRS GAAP performance measures do not have standardized meanings defined by IFRS Accounting Standards and may not be comparable to information in other Company reports and filings. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS Accounting Standards.

The non-IFRS GAAP performance measures can include – cash cost per silver equivalent payable ounce, working capital, all-in sustaining cost per silver equivalent payable ounce ("AISC"), and free cash flow.

The Company has provided an all-in sustaining costs performance measure that reflects all the expenditures that are required to produce an ounce of silver from operations. While there is no standardized meaning of the measure across the industry, the Corporation's definition conforms to the all-in sustaining cost definition as set out by the World Gold Council in its 2018 updated Guidance Note. The Corporation believes that this measure is useful to external users in assessing operating performance and the Corporation's ability to generate free cash flow from current operations. Subsequent amendments to the guidance have not materially affected the figures presented.

AISC is calculated as:  $[\text{Operating costs (mining, processing and G\&A)} + \text{Royalties} + \text{Concentrate Transportation} + \text{Treatment \& Refining Charges} + \text{Concentrate Penalties} + \text{Sustaining Capital (excluding \$37M of capex for the initial purchase of mining fleet in Year 1)}] / \text{Payable AgEq ounces}$ .

Free Cash Flow is a non-GAAP performance measure that is calculated as cash flows from operations net of cash flows invested in mineral property, plant, and equipment and exploration and evaluation assets. The Company believes that this measure is useful to the external users in assessing the Company's ability to generate cash flows from its mineral projects.

For more information regarding the non-IFRS measures used by the Company, please see the Financial Statements and MD&A for the year ended December 31, 2023 available under the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and on its website at [www.discoverysilver.com](http://www.discoverysilver.com).

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## SCIENTIFIC AND TECHNICAL INFORMATION

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Scientific and technical Information in this Circular with respect to the Project has been prepared and presented based on the technical report entitled “*Cordero Silver Project, Technical Report & Feasibility Study*” dated February 16, 2024, available on the Company’s SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca), and such scientific and technical information is subject to the assumptions and qualifications contained in the said technical report.

Gernot Wober, P. Geo., the Corporation’s Vice President Exploration, a “Qualified Person” within the meaning of National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* has prepared and approved the scientific and technical information included in this Circular with respect to the Project.

## ADDITIONAL INFORMATION

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Additional information relating to the Company may be found under the Company’s profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). Additional financial information is provided in the Company’s audited consolidated financial statements for the year ended December 31, 2023, and accompanying MD&A, which can be found under the Company’s profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) or on the Company’s website at [www.discoverysilver.com](http://www.discoverysilver.com). Shareholders may also request copies of these documents from the Chief Financial Officer by phone at 416-613-9410 or by email at [info@discoverysilver.com](mailto:info@discoverysilver.com).

## BOARD OF DIRECTORS’ APPROVAL

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The contents of this Circular, the providing of this Circular by Notice-and-Access, and the providing of the Notice of Meeting and proxy to the Shareholders have been approved by the Board.

### BY ORDER OF THE BOARD OF DIRECTORS



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Tony Makuch  
President, Chief Executive Officer and Director

Toronto, Ontario  
April 5, 2024

**SCHEDULE A**  
**PROPOSED AMENDMENT TO RSU PLAN**

(As attached.)



**DISCOVERY SILVER CORP.  
RESTRICTED SHARE UNIT PLAN**

**April 5, 2024**

## ARTICLE 1 GENERAL PROVISIONS

### 1.1 Purpose

This Restricted Share Unit Plan is established as a vehicle by which equity-based incentives may be awarded to the employees, consultants, and officers of the Company, to recognize and reward their significant contributions to the long-term success of the Company including to align their interests more closely with the interests of shareholders of the Company.

### 1.2 Definitions

As used in the Plan, the following terms have the following meanings:

- (a) “**Affiliate**” means an affiliate of the Company within the meaning of Section 1.3 of National Instrument 45-106 – *Prospectus Exemptions*, as may be amended or replaced from time to time;
- (b) “**Blackout Period**” means a period of time imposed by the Company, pursuant to the Company’s policies, upon certain designated persons during which those persons may not trade in any securities of the Company;
- (c) “**Board**” means the board of directors of the Company, or, as applicable, a committee duly appointed to administer this Plan consisting of not less than three non-executive directors of the Company;
- (d) “**Business Day**” means any day that is not a Saturday, Sunday, or a holiday (as defined in the *Interpretation Act* (Canada)) in Vancouver, British Columbia;
- (e) “**Cash Consideration**” has the meaning ascribed thereto in Section 3.2(b);
- (f) “**Change of Control**” means the occurrence of any of the following events:
  - (i) the acquisition by any persons acting jointly or in concert (as determined in accordance with the *Securities Act* (British Columbia)), whether directly or indirectly, of voting securities of the Company that, together with all other voting securities of the Company held by such persons, constitute in the aggregate more than 50% of all outstanding voting securities of the Company;
  - (ii) an amalgamation, arrangement, or other form of business combination of the Company with another company that results in the holders of voting securities of that other company holding, in the aggregate, more than 50% of all outstanding voting securities of the Company resulting from the business combination;
  - (iii) the sale, lease, or exchange of all or substantially all of the property of the Company to another person, other than in the ordinary course of business of the Company or to a related entity; or

- (iv) any other transaction that is deemed to be a “Change of Control” for the purposes of this Plan by the Board in its sole discretion;
- (g) “**Code**” means the United States *Internal Revenue Code of 1986*, as amended;
- (h) “**Common Share**” means a common share in the capital of the Company;
- (i) “**Company**” means Discovery Silver Corp. and its successors and assigns;
- (j) “**Consultant**” means an individual (other than a Director, Officer, or Employee of the Company or any of its Subsidiaries) who:
  - (i) is engaged to provide on an ongoing bona fide basis and for a period of at least 12 months, consulting, technical, management or other services to the Company or to an Affiliate of the Company, other than services provided in relation to a distribution;
  - (ii) provides the services under a written contract between the Company or an Affiliate of the Company and the individual or the Company, as the case may be;
  - (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention of the affairs and business of the Company or any of its Subsidiaries; and
  - (iv) who otherwise qualifies as a “consultant” under Section 2.22 of National Instrument 45-106 – *Prospectus Exemptions*, as may be amended or replaced from time to time,

and includes a company of which a Consultant is an employee or shareholder and a partnership of which a Consultant is an employee or partner;
- (k) “**Director**” means a director of the Company;
- (l) “**Dividend**” means an Ordinary Dividend or a Special Dividend, as applicable;
- (m) “**Eligible Person**” means any Employee, Consultant, or Officer who is designated as an Eligible Person pursuant to Section 2.1;
- (n) “**Employee**” means an employee of the Company;
- (o) “**Exchange**” means, collectively, the Toronto Stock Exchange, any successor thereto and any other stock exchange or trading facilities through which the Common Shares trade or are quoted from time to time;
- (p) “**Grant Agreement**” means an agreement between the Company and an Eligible Person under which Restricted Share Units are granted, together with such amendments, deletions, or changes thereto as are permitted under the Plan in the form appended as Schedule A hereto;

- (q) “**Grant Date**” means any date determined from time to time by the Board as a date on which a grant of Restricted Share Units will be made to one or more Eligible Persons under this Plan;
- (r) “**Insider**” means a “reporting insider” as defined in National Instrument 55-104 – *Insider Reporting Requirements and Exemptions*, as may be amended or replaced from time to time;
- (s) “**Officer**” means an officer (as defined under applicable securities laws) of the Company or of any of its Subsidiaries;
- (t) “**Ordinary Dividend**” means a dividend declared and payable on a Common Share in accordance with the Company’s dividend policy as the same may be amended from time to time;
- (u) “**Plan**” means this Restricted Share Unit Plan, as amended from time to time;
- (v) “**Redemption Date**” in respect of any Restricted Share Unit means (i) the date as determined by the Board in its sole discretion and provided for in the Grant Agreement, or (ii) if no date is set, the third anniversary of the Grant Date on which such Restricted Share Unit was granted to the Eligible Person, unless (iii) Section 3.9, 4.1, 4.2, or 6.1(c) is applicable, in which case the Redemption Date(s) in respect of such Restricted Share Unit shall be the date(s) established as such in accordance with the applicable Section. Such date shall, in all cases, be in compliance with the requirements pertaining to the exception to the application of the salary deferral arrangement rules in paragraph (k) of the definition of “salary deferral arrangement” in subsection 248(1) of the *Income Tax Act* (Canada), as such subsection may be amended or enacted from time to time. For U.S. Taxpayers, except as otherwise set forth in this Plan, the Redemption Date shall be set on the Grant Date and shall not be adjusted;
- (w) “**Reorganization**” means any declaration of any stock dividend (other than a Special Dividend in respect of which the Board, in its discretion, determines that Eligible Persons are to be paid pursuant to Section 3.7), stock split, combination or exchange of shares, merger, consolidation, recapitalization, amalgamation, plan of arrangement, reorganization, spin-off, or other distribution (other than Ordinary Dividends) of the Company assets to shareholders or any other similar corporate transaction or event which the Board determines affects the Common Shares such that an adjustment is appropriate to prevent dilution or enlargement of the rights of Eligible Persons under this Plan;
- (x) “**Restricted Share Unit**” means one notional Common Share (without any of the attendant rights of a shareholder of such Common Share, including, without limitation, the right to vote such Common Share and the right to receive dividends thereon, except to the extent otherwise specifically provided herein) credited by bookkeeping entry to a notional account maintained by the Company in respect of an Eligible Person in accordance with this Plan;
- (y) “**Security Based Compensation Plan**” means this Plan and any stock option plan, employee stock purchase plan, other restricted share unit plan, deferred share unit plan, or other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares, including but not limited to a purchase of Common Shares from treasury which is financially assisted by the Company by way of loan, guarantee, or otherwise;

- (z) “**Share Price**” means the volume weighted average trading price of a Common Share on the Exchange over the five consecutive trading days immediately preceding (a) in the case of a grant of Restricted Share Units, the Grant Date; or (b) in the case of a redemption, the Redemption Date, as applicable, or in the event such Common Shares are not traded on the Exchange, the fair market value of such Common Shares as determined by the Board acting in good faith;
- (aa) “**Special Dividend**” means a special or stock dividend declared and payable on a Common Share in accordance with the Company’s dividend policy as the same may be amended from time to time;
- (bb) “**Subsidiary**” has the meaning set out in the *Securities Act* (British Columbia); and
- (cc) “**U.S. Taxpayer**” means an Eligible Person who is at the relevant time subject to Section 409A of the Code.

### **1.3 Effective Date**

The Plan shall be effective as of the date first written above, provided that no Common Shares may be issued under the Plan until and unless all required Exchange, regulatory, and shareholder approvals have been obtained with respect to the issuance of the Common Shares hereunder.

### **1.4 Governing Law; Subject to Applicable Regulatory Rules**

The Plan, all Grant Agreements, the grant and redemption of Restricted Share Units hereunder, and the sale, issue and delivery of Common Shares hereunder upon redemption of Restricted Share Units shall be, as applicable, governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. The Courts of the Province of British Columbia shall have the exclusive jurisdiction to hear and decide any disputes or other matters arising herefrom. The provisions of the Plan shall be subject to the applicable by-laws, rules, and policies of the Exchange and applicable securities legislation.

## **ARTICLE 2 ELIGIBILITY AND PARTICIPATION**

### **2.1 Eligibility**

This Plan applies to those Employees, Consultants, and Officers whom the Board designates as eligible for a grant of Restricted Share Units pursuant to Section 3.1. It shall be the responsibility of the Company and the applicable Eligible Person to confirm that such Eligible person is a bona fide Employee, Consultant, or Officer, as applicable, for the purposes of participation under the Plan. The Board shall make such a designation prior to each Grant Date.

### **2.2 Rights Under the Plan**

Subject to Article 4 and Article 5, an Eligible Person who has been granted Restricted Share Units shall continue to have rights in respect of such Restricted Share Units until such Restricted Share Units have been redeemed for Common Shares and/or Cash Consideration, as applicable, in accordance with this Plan.

### **2.3 Copy of the Plan**

The Company shall provide each Eligible Person with a copy of this Plan following the initial grant of Restricted Share Units to such Eligible Person and shall provide each Eligible Person with a copy of all amendments to this Plan.

## 2.4 Limitation on Rights

Nothing in this Plan shall confer on any Employee, Consultant, or Officer any right to be designated as an Eligible Person or to be granted any Restricted Share Units. There is no obligation for uniformity of treatment of Eligible Persons or any group of Eligible Persons, whether based on salary or compensation, grade or level or organizational position or level or otherwise. A grant of Restricted Share Units to an Eligible Person on one or more Grant Dates shall not be construed to create a right to a grant of Restricted Share Units on a subsequent Grant Date.

## 2.5 Grant Agreements

Each grant of Restricted Share Units shall be evidenced by a Grant Agreement. An Eligible Person will not be entitled to any grant of Restricted Share Units or any benefit of this Plan unless the Eligible Person agrees with the Company to be bound by the provisions of this Plan. By entering into an agreement described in this Section 2.5, each Eligible Person shall be deemed conclusively to have accepted and consented to all terms of this Plan and all bona fide actions or decisions made by the Board. Such terms and consent shall also apply to and be binding on the legal representative, beneficiaries, heirs, and successors of each Eligible Person.

## 2.6 Participation Limits

~~(a) The number of Common Shares which may be reserved for issuance under the Plan shall not exceed 7,000,000 Common Shares, subject to Section 2.6(b) and subject to adjustment in accordance with Section 3.8 or such greater number of Common Shares as shall have been duly approved by the Board and, if required by the Exchange or any other stock exchange on which the Common Shares of the Company may then be listed, and by the shareholders of the Company.~~

~~(b)~~(a) The number of Common Shares which may be reserved for issuance under the Plan, in combination with the aggregate number of Common Shares which may be issuable under any other Security Based Compensation Plan, including the Company's stock option plan and deferred share unit plan, shall not exceed 10% of the total number of issued and outstanding Common Shares on a non-diluted basis, or such greater number of Common Shares as shall have been duly approved by the Board and, if required, by the Exchange (if applicable) or any other stock exchange on which the Common Shares of the Company may then be listed, and by the shareholders of the Company.

~~(e)~~(b) If and for so long as the Common Shares are listed on the Exchange, the number of Common Shares which may be issuable under the Plan and any other Security Based Compensation Plan (for greater certainty including in each case any Common Shares issuable on redemption of Restricted Share Units issued as Dividends pursuant to Section 3.7):

- (i) to any one Eligible Person, shall not exceed 5% of the total number of issued and outstanding Common Shares on a non-diluted basis at the Grant Date;
- (ii) within any one-year period:

- (A) to any one Eligible Person, shall not exceed 5% of the total number of issued and outstanding Common Shares on the Grant Date on a non-diluted basis; and
- (B) to Insiders of the Company as a group, shall not exceed 10% of the total number of issued and outstanding Common Shares on the Grant Date on a non-diluted basis; and
- (iii) to Insiders of the Company as a group, shall not exceed 10% of the total number of issued and outstanding Common Shares on a non-diluted basis.

## 2.7 No Fractional Shares

No fractional Common Shares may be issued under the Plan. In the event the number of Common Shares to be issued upon the redemption of Restricted Share Units is a fraction, the respective Eligible Person will receive the next lowest whole number of Common Shares and will not receive any other form of compensation (cash or otherwise) for the fractional interest.

## ARTICLE 3 RESTRICTED SHARE UNITS

### 3.1 Grant of Restricted Share Units

On each Grant Date, the Board shall designate Eligible Persons and determine the number of Restricted Share Units to be granted to each Eligible Person in the Board's sole discretion, determined by dividing the dollar amount of compensation payable in Restricted Share Units on the Grant Date by the Share Price. Concurrent with the determination to grant Restricted Share Units to an Eligible Person, the Board shall determine the Redemption Date applicable to such Restricted Share Units.

In addition, the Board may, at its sole discretion, at the time of the grant of Restricted Share Units, make such Restricted Share Units subject to performance conditions to be achieved by the Company, the Eligible Person or a class of Eligible Persons, prior to the Redemption Date, for such Restricted Share Units to entitle the holder thereof to receive the Common Shares or cash thereunder.

### 3.2 Redemption of Restricted Share Units

Unless redeemed earlier in accordance with this Plan, the Restricted Share Units of each Eligible Person will be redeemed on or about (but not later than 30 days following) each applicable Redemption Date, but in any case no later than December 31 of the third calendar year following the year in which the Grant Date occurs, and the Eligible Person will be entitled to receive and the Company will issue and/or pay to the Eligible Person, as applicable:

- (a) a number of Common Shares equal to the number of Restricted Share Units (net of any applicable statutory withholdings) that have vested on the Redemption Date(s);
- (b) a cash amount, payable by way of certified cheque, bank draft, wire transfer, or such other means as the Board may determine in its sole discretion, equal to the number of Common Shares set out in subsection (a) above multiplied by the Share Price on the applicable Redemption Date (the "**Cash Consideration**") (net of any applicable statutory withholdings); or

(c) a combination of 3.2(a) and 3.2(b),

as determined by the Board in its sole discretion.

### **3.3 Vesting**

The Board may determine that the Restricted Share Units will be redeemable in instalments or pursuant to a vesting schedule, subject to Section 3.9 or Section 4.2.

### **3.4 Expiry**

Notwithstanding any other provision of this Plan, Restricted Share Units shall expire on the date that is six months following the date that the applicable Eligible Person ceases to be an Employee, Consultant, or Officer for any reason.

### **3.5 Blackout Period**

In the event the Redemption Date, determined in accordance with the Plan occurs during a Blackout Period applicable to the relevant Eligible Person, then the Redemption Date, as applicable, shall be the date that is the tenth Business Day after the expiry of the Blackout Period; provided, however, that in the case of a U.S. Taxpayer, the change in the Redemption Date does not violate Section 409A of the Code.

### **3.6 Withholding Taxes**

The Company may take such steps as are considered necessary or appropriate for the withholding of any taxes which the Company is required by any law or regulation of any governmental authority whatsoever to withhold in connection with any Common Share and/or Cash Consideration including, without limiting the generality of the foregoing, the withholding of the issue of Common Shares and/or the withholding of all or any portion of any payment of the Cash Consideration, as applicable, to be issued and/or paid under the Plan, until such time as the Eligible Person has paid the Company for any amount which the Company is required to withhold with respect to such taxes or other amounts. Without limitation to the foregoing, the Board may, if applicable, adopt administrative rules under the Plan which provide for the sale of Common Shares (or a portion thereof) in the market upon the issuance of such Common Shares under the provisions of the Plan to satisfy withholding obligations under the Plan.

### **3.7 Payment of Dividend Equivalents**

Subject to Section ~~2.6(b)2.6(b)2.6(e)~~, when Dividends are paid on Common Shares, an Eligible Person shall be credited with Dividend equivalents in respect of the Restricted Share Units credited to the Eligible Person's account as of the record date for payment of Dividends. No payment in cash should be made to any Eligible Person with respect to such Dividend equivalent unless the payment of the Dividend equivalent in Restricted Share Units would result in such Eligible Person exceeding any of the participation limits set forth in Section ~~2.6(b)2.6(b)2.6(e)~~.

Provided that the payment of a Dividend equivalent in Restricted Share Units would not result in an Eligible Person exceeding any of the participation limits set forth in Section ~~2.6(b)2.6(b)2.6(e)~~, such Dividend equivalents shall be converted into additional Restricted Share Units (including fractional Restricted Share

Units) based on the Share Price per Common Share on the date credited and redeemed on the Redemption Date, of the Restricted Share Unit with respect to which the Dividend equivalent was granted.

In the event that the payment of a Dividend equivalent in Restricted Share Units would result in an Eligible Person exceeding any of the participation limits set forth in Section ~~2.6(b)~~~~2.6(b)~~~~2.6(e)~~, the Company shall pay the amount of such Dividends in cash.

### **3.8 Adjustments**

If any change occurs in the outstanding Common Shares by reason of a Reorganization, the Board, in its sole discretion, and without liability to any person, shall make such equitable changes or adjustments, if any, as it considers appropriate, in such manner as the Board may consider equitable, to reflect such change or event including, without limitation, adjusting the number of Restricted Share Units credited to Eligible Persons and outstanding under the Plan, provided that any such adjustment will not otherwise extend the Redemption Date otherwise applicable. The Company shall give notice to each Eligible Person of any adjustment made pursuant to this section and, upon such notice, such adjustment shall be conclusive and binding for all purposes. The existence of outstanding Restricted Share Units shall not affect in any way the right or power and authority of the Company or its shareholders to make or authorize any alteration, recapitalization, Reorganization, or any other change in the Company's capital structure or its business or any merger or consolidation of the Company, any issue of bonds, debentures or preferred or preference shares (ranking ahead of the Common Shares or otherwise) or any right thereto, or the dissolution or liquidation of the Company, any sale or transfer of all or any part of its assets or business or any corporate act or proceeding whether of a similar character or otherwise.

### **3.9 Offer of Common Shares - Change of Control**

Notwithstanding anything else herein to the contrary, subject to prior approval of the Exchange if required, in the event of a Change of Control, then the Redemption Date shall be deemed to be the date on which the Change of Control occurs, and all Restricted Share Units granted to the Eligible Persons and outstanding under the Plan shall immediately vest and be paid out in accordance with Section 3.2.

## **ARTICLE 4 EVENTS AFFECTING ENTITLEMENT**

### **4.1 Termination of Employment**

- (a) Voluntary Termination or Termination for Cause. If an Eligible Person is terminated by the Company for cause (as determined by the Company), or if an Eligible Person, voluntarily terminates employment for any reason prior to a Redemption Date, all of the Eligible Person's Restricted Share Units shall be cancelled and no amount shall be paid by the Company to the Eligible Person in respect of the Restricted Share Units so cancelled.
- (b) Involuntary Termination. The Restricted Share Units of an Eligible Person which have vested who is involuntarily terminated by the Company, for reasons other than cause, shall be redeemed on the Redemption Date for an equal number of Common Shares, Cash Consideration in lieu thereof or a combination of both, as determined by the Board in its sole discretion. For the purposes of this Section 4.1(b), unless otherwise determined by the Board, the Redemption Date shall be the date on which the employment of the Eligible Person is terminated as stated in a written notice of termination, irrespective of any entitlement of the Eligible Person to notice, pay in lieu of notice, or benefits beyond the termination date.

For purposes of Section 4.1, a U.S. Taxpayer shall be treated as terminated when such person incurs a “separation from service” within the meaning of Section 409A of the Code and United States Treasury Regulation Section 1.409A-1(h) (“**Separation From Service**”). Solely to the extent required by Section 409A of the Code, any payment in respect of Restricted Share Units which has become payable on or following a Separation From Service to any U.S. Taxpayer who is determined to be a “specified employee,” under Section 409A(a)(2)(B)(i) of the Code and United States Treasury Regulation Section 1.409A-1(i), shall not be paid before the date that is six months after such U.S. Taxpayer’s Separation From Service (or, if earlier, the date of the death of such U.S. Taxpayer). Following any applicable six-month delay of payment, all such delayed payments shall be made to the U.S. Taxpayer in a single lump sum on the earliest possible date.

#### **4.2 Death**

All of the Restricted Share Units of an Eligible Person who dies shall be redeemed in accordance with Section 3.2. For the purposes of the foregoing, the Redemption Date shall be the date of the Eligible Person’s death.

#### **4.3 No Grants Following Last Day of Active Employment**

In the event of termination of any Eligible Person’s employment with the Company, such Eligible Person shall not be granted any Restricted Share Units pursuant to Section 3.1 after the last day of active employment of such Eligible Person. Without limiting the generality of the foregoing and of Section 2.4, notwithstanding any other provision hereof, and notwithstanding any provision of any employment agreement between any Eligible Person and the Company, no Eligible Person will have any right to be awarded additional Restricted Share Units, and shall not be awarded any Restricted Share Units, pursuant to Section 3.1 after the last day of active employment of such Eligible Person on which such Eligible Person actually performs the duties of the Eligible Person’s position, whether or not such Eligible Person receives a lump sum payment of salary or other compensation in lieu of notice of termination, or continues to receive payment of salary, benefits or other remuneration for any period following such last day of active employment. Notwithstanding any other provision hereof, or any provision of any employment agreement between the Company and an Eligible Person, in no event will any Eligible Person have any right to damages in respect of any loss of any right to be awarded Restricted Share Units pursuant to Section 3.1 after the last day of active employment of such Eligible Person and no severance allowance, or termination settlement of any kind in respect of any Eligible Person will include or reflect any claim for such loss of right and no Eligible Person will have any right to assert, claim, seek or obtain, and shall not assert, claim, seek or obtain, any judgment or award in respect of or which includes or reflects any such right or claim for such loss of right.

### **ARTICLE 5 ADMINISTRATION**

#### **5.1 Transferability**

Rights respecting Restricted Share Units shall not be transferable or assignable other than by will or the laws of descent and distribution.

#### **5.2 Administration**

The Board shall, in its sole and absolute discretion, but subject to applicable corporate, securities, and tax law requirements: (i) interpret and administer the Plan; (ii) establish, amend and rescind any rules and regulations relating to the Plan; and (iii) make any other determinations that the Board deems necessary or

desirable for the administration and operation of the Plan. The Board may delegate to any person any administrative duties and powers under this Plan. The Board may correct any defect or supply any omission or reconcile any inconsistency in the Plan in the manner and to the extent the Board deems, in its sole and absolute discretion, necessary or desirable. Any decision of the Board with respect to the administration and interpretation of the Plan shall be conclusive and binding on the Eligible Person and his or her legal representative. The Board may establish policies respecting minimum ownership of Common Shares of the Company by Eligible Persons and the ability to elect Restricted Share Units to satisfy any such policy.

It is intended that this Plan and grants of Restricted Share Units hereunder will comply with or be exempt from Section 409A of the Code (and any regulations and guidelines issued thereunder), to the extent this Plan and such agreements are subject thereto, and this Plan and the Grant Agreements shall be interpreted on a basis consistent with such intent. Each amount to be paid under the Plan shall be construed as a separate identified payment for the purposes of Section 409A of the Code. If an amendment of this Plan and such agreements is necessary in order for it to comply with Section 409A of the Code, the Board will adopt any such amendment in a manner that preserves the original intent of the parties to the extent reasonably possible. No action or failure to act by the Board shall subject the Company to any claim, liability, or expense, and the Company shall not have any obligation to indemnify or otherwise protect any person from the obligation to pay any taxes, interest or penalties pursuant to Section 409A of the Code.

### **5.3 Records**

The Company will maintain records indicating the number of Restricted Share Units credited to an Eligible Person under the Plan from time to time and the Grant Dates of such Restricted Share Units. Such records shall be conclusive as to all matters involved in the administration of this Plan.

### **5.4 Statements**

The Company shall furnish annual statements to each Eligible Person indicating the number of Restricted Share Units credited to the Eligible Person and the Grant Dates of the Restricted Share Units and such other information that the Company considers relevant to the Eligible Person.

### **5.5 Legal Compliance**

Without limiting the generality of the foregoing, the Board may take such steps and require such documentation from Eligible Persons as the Board may determine are desirable to ensure compliance with all applicable laws and legal requirements, including all applicable corporate and securities laws and regulations of any country, and any political subdivisions thereof, and the by-laws, rules and regulations of any stock exchanges or other organized market on which Common Shares may from time to time be listed or posted and any applicable provisions of the *Income Tax Act* (Canada), as amended or income tax legislation or any other jurisdiction.

## **ARTICLE 6 AMENDMENT AND TERMINATION**

### **6.1 Amendment and Renewal**

- (a) The Board reserves the right, in its sole discretion, to amend, suspend or terminate the Plan or any portion thereof at any time, in accordance with applicable legislation, provided that such amendment, suspension, or termination (i) may require shareholder approval and/or Exchange approval; and (ii) will not adversely affect the rights of any Eligible Person with

respect to the Restricted Share Units to which the Eligible Person is then entitled under the Plan without the consent of the Eligible Person.

- (b) Unless an Eligible Person otherwise agrees, any amendment to the Plan or Restricted Share Unit shall apply only in respect of Restricted Share Units granted on or after the date of such amendment.
- (c) The Board may, subject to receipt of requisite shareholder and regulatory approval, make the following amendments to the Plan or any Restricted Share Units granted thereunder:
  - (i) any amendment to increase the number of securities issuable under the Plan, including, if applicable, an increase to a fixed maximum number of securities or a change from a fixed maximum number of securities to a fixed maximum percentage;
  - (ii) any cancellation and reissue of Restricted Share Units or other entitlements;
  - (iii) any amendment that extends the term of Restricted Share Units beyond the original expiry;
  - (iv) any amendment to this Section 6.1 relating to the amending provisions of this Plan;
  - (v) any amendment to Section 5.1 of this Plan that would permit Restricted Share Units to be assigned or transferred, other than for normal estate settlement purposes;
  - (vi) a discontinuance of the Plan; and
  - (vii) any other amendments that may lead to significant or unreasonable dilution in the Company's outstanding securities or may provide additional benefits to eligible participants, especially Insiders of the Company, at the expense of the Company and its existing shareholders.
- (d) The Board may, and without further shareholder approval, subject to receipt of requisite regulatory approval, where required, in its sole discretion make the following amendments to the Plan or any Restricted Share Unit granted and any Grant Agreement, that are not of the type contemplated in Section 6.1(c) above, including:
  - (i) a change to the vesting provisions of a Restricted Share Unit or the Plan;
  - (ii) subject to Section 6.1(c), any other amendments to Sections 3.3 or 5.1 relating to the redemption of Restricted Share Units;
  - (iii) a change to the termination provisions of an Restricted Share Unit or the Plan which does not entail an extension beyond the original expiry date;
  - (iv) a change to the definitions set out in Article 1 (other than the definition of "Eligible Person");
  - (v) make amendments of an administrative nature, including but not limited to Article 5 relating to the administration of the Plan;

- (vi) make any amendments required to comply with applicable laws or the requirements of the Exchange or any regulatory body or stock exchange with jurisdiction over the Company; and
  - (vii) any change fundamental or otherwise, not requiring shareholder approval under applicable laws or the rules of the Exchange, including amendments of a “clerical” or “housekeeping” nature and amendments to ensure that the Restricted Share Units granted under the Plan will comply with any provisions respecting income tax and other laws in force in any country or jurisdiction of which an Eligible Person may from time to time be resident or a citizen.
- (e) Notwithstanding the provisions of Section 6.1(d), the Company shall additionally obtain requisite shareholder approval in respect of amendments to the Plan that are contemplated pursuant to Section 6.1(d), to the extent such approval is required by any applicable laws or regulations.

## **6.2 Termination of the Plan**

The Board may from time to time amend or suspend this Plan in whole or in part and may at any time terminate this Plan. No such amendment, suspension, or termination shall adversely affect the rights of any Eligible Person at the time of such amendment, suspension, or termination with respect to outstanding and unredeemed Restricted Share Units credited to such Eligible Person without the consent of the affected Eligible Person. If the Board terminates the Plan, no new Restricted Share Units will be awarded to any Eligible Person, but outstanding and unredeemed previously credited Restricted Share Units shall remain outstanding, and, subject to the provisions of Section 3.3, be entitled to payments as provided under Section 3.7 and be paid in accordance with the terms and conditions of this Plan existing at the time of termination. This Plan will finally cease to operate for all purposes when the last remaining Eligible Person receives a payment in satisfaction of all outstanding and unredeemed Restricted Share Units credited to such Eligible Person, or all outstanding and unredeemed Restricted Share Units credited to such Eligible Person are cancelled pursuant to the provisions thereof.

## **ARTICLE 7 AMENDMENT OF RESTRICTED SHARE UNITS**

### **7.1 Consent to Amend**

With the consent of the affected Eligible Person and any applicable regulatory authorities (if required), and without further shareholder approval, the Board may amend or modify any outstanding Restricted Share Unit in any manner to the extent that the Board would have had the authority to initially grant the Restricted Share Unit as so modified or amended, including without limitation, to change the date or dates as of which a Restricted Share Unit becomes redeemable.

### **7.2 Amendment Subject to Approval**

If the amendment of an Restricted Share Unit requires regulatory or shareholder approval, such amendment may be made prior to such approvals being given, but no such amended Restricted Share Units may be redeemed unless and until such approvals are given.

**ARTICLE 8  
GENERAL****8.1 Rights to Common Shares and/or Cash Consideration**

This Plan shall not be interpreted to create any entitlement of any Eligible Person to any Common Shares, or to the Dividends payable pursuant thereto, or to any Cash Consideration, as applicable, except as expressly provided herein. A holder of Restricted Share Units shall not have rights as a shareholder of the Company with respect to any Common Shares which may be issuable pursuant to the Restricted Share Units so held, whether voting, right on liquidation, or otherwise.

**8.2 No Right to Employment**

This Plan shall not be interpreted as either an employment or trust agreement. Nothing in this Plan nor any Board guidelines or any agreement referred to in Section 2.5 nor any action taken hereunder shall be construed as giving any Eligible Person the right to be retained in the continued employ or service of the Company or any of its Subsidiaries, or giving any Eligible Person or any other person the right to receive any benefits not specifically expressly provided in this Plan nor shall it interfere in any way with any other right of the Company to terminate the employment or service of any Eligible Person at any time.

**8.3 Non-Exclusivity**

Nothing contained herein will prevent the Board from adopting other or additional compensation arrangements for the benefit of any Eligible Person or holder of Restricted Share Units, subject to any required regulatory or shareholder approval.

**8.4 Right to Funds**

Neither the establishment of this Plan nor the granting of Restricted Share Units under this Plan shall be deemed to create a trust. Amounts payable to any Eligible Person under the Plan shall be a general, unsecured obligation of the Company. The right of the Employees, Consultants, or Officers to receive payment pursuant to this Plan shall be no greater than the right of other unsecured creditors of the Company.

**Schedule A**  
**Discovery Silver Corp. Restricted Share Unit Plan**  
**(the "Plan")**

**RESTRICTED SHARE UNIT GRANT AGREEMENT**

This Restricted Share Unit Grant Agreement is made the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ between \_\_\_\_\_, the undersigned "Eligible Person" (the "**Eligible Person**"), being an employee, consultant, or officer of Discovery Silver Corp. (the "**Company**") or a Subsidiary thereof, name or designated pursuant to the terms of the Restricted Share Unit Plan of the Company (which Plan, as the same may from time to time be modified, supplemented, or amended and in effect, is herein referred to as the "**Plan**"), and the Company.

In consideration of the grant of Restricted Share Units made to the Eligible Person pursuant to the Plan (the receipt and sufficiency of which are hereby acknowledged), the Eligible Person hereby agrees and confirms that:

1. The Eligible Person has received a copy of the Plan and has read, understands and agrees to be bound by the provisions of the Plan. All capitalized expressions used herein shall have the same meaning as in the Plan unless otherwise defined herein.
2. The Eligible Person accepts and consents to and shall be deemed conclusively to have accepted and consented to, and agreed to be bound by, the provisions and all terms of the Plan and all bona fide actions or decisions made by the Board or any person to whom the Board may delegate administrative duties and powers in relation to the Plan, which terms and consent shall also apply to and be binding on the legal representatives, beneficiaries and successors of the undersigned.
3. On \_\_\_\_\_, 20\_\_\_\_, the Eligible Person was granted \_\_\_\_\_ Restricted Share Units, which grant is evidenced by this Agreement.
4. Except otherwise set forth in the Plan, the Redemption Date(s) for the Restricted Share Units is/are as follows:  
  
\_\_\_\_\_
5. The Restricted Share Units, which grant is evidenced by this Agreement, are also subject to the terms and conditions contained in the appendixes, if any, attached hereto.
6. This Restricted Share Unit Grant Agreement shall be considered as part of and an amendment to any employment agreement between the Eligible Person and the Company and the Eligible Person hereby agrees that the Eligible Person will not make any claim under that employment agreement for any rights or entitlement under the Plan or damages in lieu thereof except as expressly provided in the Plan.

This Agreement shall be determined in accordance with the laws of the province of British Columbia and the laws of Canada applicable therein. Words used herein which are defined in the Plan shall have the respective meanings ascribed to them in the Plan.

**DISCOVERY SILVER CORP.**

**ELIGIBLE PERSON**

Per: \_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
Print Name:

**APPENDIX A-1 to APPENDIX A**  
**RESTRICTED SHARE UNIT AGREEMENT**

The additional terms and conditions attached to the Restricted Share Units, which grant is evidenced by this Agreement, are as follows:

1. [•]

**DISCOVERY SILVER CORP.**

**ELIGIBLE PERSON**

Per: \_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_   
Print Name:

**SCHEDULE B**  
**PROPOSED AMENDMENT TO DSU PLAN**

(As attached.)



**Discovery Silver Corp.**  
**DEFERRED SHARE UNIT PLAN**

**April 5, 2024**

## ARTICLE 1 GENERAL PROVISIONS

### 1.1 Purpose

This Deferred Share Unit Plan has been established by the Company to promote the interests of the Company by attracting and retaining qualified persons to serve on the Board and to promote a greater alignment of long term interests between such Participants and the shareholders of the Company.

### 1.2 Definitions

As used in the Plan, the following terms have the following meanings:

- (a) “**Account**” means an account maintained for each Participant on the books of the Company which will be credited with Deferred Share Units, in accordance with the terms of the Plan;
- (b) “**Applicable Law**” means any applicable provision of law, domestic or foreign, including, without limitation, applicable securities legislation, together with all regulations, rules, policy statements, rulings, notices, orders, or other instruments promulgated thereunder and the requirements of the Exchange;
- (c) “**Blackout Period**” means a period of time imposed by the Company, pursuant to the Company’s policies, upon certain designated persons during which those persons may not trade in any securities of the Company;
- (d) “**Board**” means the board of directors of the Company, or, as applicable, a committee duly appointed to administer this Plan consisting of not less than three non-executive Directors of the Company;
- (e) “**Business Day**” means any day that is not a Saturday, Sunday, or a holiday (as defined in the *Interpretation Act* (Canada)) in Vancouver, British Columbia;
- (f) “**Change of Control**” means the occurrence of any of the following events:
  - (i) the acquisition by any persons acting jointly or in concert (as determined in accordance with the *Securities Act* (British Columbia)), whether directly or indirectly, of voting securities of the Company that, together with all other voting securities of the Company held by such persons, constitute in the aggregate more than 50% of all outstanding voting securities of the Company;
  - (ii) an amalgamation, arrangement, or other form of business combination of the Company with another company that results in the holders of voting securities of that other company holding, in the aggregate, more than 50% of all outstanding voting securities of the Company resulting from the business combination;
  - (iii) the sale, lease, or exchange of all or substantially all of the property of the Company to another person, other than in the ordinary course of business of the Company or to a related entity; or

- (iv) any other transaction that is deemed to be a “Change of Control” for the purposes of this Plan by the Board in its sole discretion;
- (g) “**Code**” means the United States *Internal Revenue Code of 1986*, as amended, and any applicable Treasury Regulations and other binding regulatory guidance thereunder;
- (h) “**Common Shares**” means common shares in the capital of the Company;
- (i) “**Company**” means Discovery Silver Corp. and its successors and assigns;
- (j) “**Deferred Share Unit**” means a unit credited to a Participant’s Account by way of a bookkeeping entry in the books of the Company pursuant to this Plan, the value of which is equivalent in value to a Common Share;
- (k) “**Director**” means a director of the Company;
- (l) “**Dividend**” means an Ordinary Dividend, and may, in the discretion of the Board, include a special or stock dividend, and may, in the discretion of the Board, include a special dividend declared and payable on a Common Share;
- (m) “**Exchange**” means, collectively, the Toronto Stock Exchange, any successor thereto and any other stock exchange or trading facilities through which the Common Shares trade or are quoted from time to time;
- (n) “**Fiscal Quarter**” means each three-month period ending on March 31, June 30, September 30, or December 31, respectively, unless otherwise designated by the Board;
- (o) “**Grant**” means any Deferred Share Unit credited to the Account of a Participant;
- (p) “**Grant Agreement**” means an agreement between the Company and the Participant under which Deferred Share Units are granted, together with such amendments, deletions, or changes thereto as are permitted under the Plan in the form appended as Schedule A hereto;
- (q) “**Grant Date**” means any date determined from time to time by the Board as a date on which a grant of Deferred Share Units will be made to one or more Participants under this Plan;
- (r) “**Insider**” means a “reporting insider” as defined in National Instrument 55-104 – *Insider Reporting Requirements and Exemptions*, as may be amended or replaced from time to time;
- (s) “**Notice of Redemption**” means written notice, on a prescribed form, by the Participant, or the administrator or liquidator of the estate of the Participant, to the Company of the Participant’s wish to redeem his or her Deferred Share Units;
- (t) “**Ordinary Dividend**” means a dividend declared and payable on a Common Share in accordance with the Company’s dividend policy as the same may be amended from time to time;

- (u) **“Participant”** means a Director who (i) is not otherwise an employee of the Company and (ii) is designated by the Board as eligible to participate in the Plan;
- (v) **“Plan”** means this Deferred Share Unit Plan, as amended from time to time;
- (w) **“Redemption Date”** means the date that a Notice of Redemption is received by the Company, except with respect to any US Taxpayer, it shall mean the date set forth in the Grant Agreement;
- (x) **“Reorganization”** means any declaration of any stock dividend, stock split, combination, or exchange of shares, merger, consolidation, recapitalization, amalgamation, plan of arrangement, reorganization, spin-off or other distribution (other than Ordinary Dividends) of the Company assets to shareholders or any other similar corporate transaction or event which the Board determines affects the Common Shares such that an adjustment is appropriate to prevent dilution or enlargement of the rights of Participants under this Plan;
- (y) **“Security Based Compensation Plan”** means this Plan and any stock option plan, employee stock purchase plan, restricted share unit plan, other deferred share unit plan, or other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares, including but not limited to a purchase of Common Shares from treasury which is financially assisted by the Company by way of loan, guarantee, or otherwise;
- (z) **“Separation From Service”** shall mean that employment or service with the Company and any entity that is to be treated as a single employer with the Company for purposes of United States Treasury Regulation Section 1.409A – 1(h) terminates such that it is reasonably anticipated that no further services will be performed;
- (aa) **“Share Price”** means the volume weighted average trading price of a Common Share on the Exchange over the five consecutive trading days immediately preceding (a) in the case of a Grant, the date of Grant in respect of a Director;; or (b) in the case of a redemption, the Redemption Date, as applicable, or in the event such Common Shares are not traded on the Exchange, the fair market value of such Common Shares as determined by the Board acting in good faith;
- (bb) **“Specified Employee”** means a US Taxpayer who meets the definition of “specified employee”, as defined in Section 409A(a)(2)(B)(i) of the Code;
- (cc) **“Termination Date”** means the date of a Participant’s death, or retirement from, or loss of office or employment with the Company, within the meaning of paragraph 6801(d) of the regulations under the *Income Tax Act* (Canada) or any successor to such provision, including the Participant’s resignation, retirement, death, or otherwise; and
- (dd) **“US Taxpayer”** means any Participant whose compensation under the Plan would be subject to income tax under the Code.

### **1.3 Effective Date**

The Plan shall be effective as of the date first written above, provided that no Common Shares may be issued under the Plan until and unless all required Exchange, regulatory, and shareholder approvals have been obtained with respect to the issuance of Common Shares hereunder.

### **1.4 Governing Law; Subject to Applicable Regulatory Rules**

The Plan all Grant Agreements, the grant and redemption of Deferred Share Units hereunder, and the sale, issue and delivery of Common Shares hereunder upon redemption of Deferred Share Units shall be, as applicable, governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. The Courts of the Province of British Columbia shall have the exclusive jurisdiction to hear and decide any disputes or other matters arising herefrom. The provisions of the Plan shall be subject to the applicable by-laws, rules, and policies of the Exchange and applicable securities legislation.

## **ARTICLE 2 DEFERRED SHARE UNITS**

### **2.1 Establishment of Annual Base Compensation**

An annual compensation amount (the “**Annual Base Compensation**”) payable to non-employee Directors of the Company shall be established from time-to-time by the Board. The amount of Annual Base Compensation will be reported annually in the Company’s management information circular.

### **2.2 Payment of Annual Base Compensation**

- (a) The Annual Base Compensation shall be payable in quarterly installments, with each installment payable as promptly as practicable following the last Business Day of the Fiscal Quarter to which it applies. Quarterly payments shall be prorated if Board service commences or terminates during a Fiscal Quarter. The number of Deferred Share Units to be paid and the terms of the Deferred Share Units shall be determined as provided in the following sections of this Plan.
- (b) Each Participant that is not a US Taxpayer may elect to receive Deferred Share Units up to 100% of his or her Annual Base Compensation by completing and delivering a written election to the Company in the form attached hereto as Schedule B on or before the last day of the Fiscal Quarter immediately preceding the Fiscal Quarter with respect to which the election is made. Such election will be effective with respect to compensation payable for the Fiscal Quarter following the Fiscal Quarter in which such written election is made. Further, where an individual becomes a Participant for the first time during a Fiscal Quarter or where any Participant is serving as a Director in the first Fiscal Quarter in which the Plan is adopted, such individual may elect to participate in the Plan with respect to the Fiscal Quarter of the Company commencing after the Fiscal Quarter in which the Company receives such individual’s written election. For greater certainty, new Participants will not be entitled to receive Deferred Share Units pursuant to an election for the Fiscal Quarter in which they submit their first election to the Company or any previous Fiscal Quarter. Elections under this Section 2.2(b) shall be irrevocable with respect to compensation earned during the period to which such election relates and for the avoidance of doubt, may

not be revoked or changed later than the last day of the Fiscal Quarter immediately preceding such period.

- (c) All Deferred Share Units granted with respect to Annual Base Compensation will be credited to the Participant's Account when such Annual Base Compensation is payable.
- (d) The Participant's Account will be credited with the number of Deferred Share Units calculated to the nearest thousandths of a Deferred Share Unit, determined by dividing the dollar amount of compensation payable in Deferred Share Units on the Grant Date by the Share Price. Fractional Common Shares will not be issued and any fractional entitlements will be rounded down to the nearest whole number.

### **2.3 Additional Deferred Share Units**

In addition to Deferred Share Units granted pursuant to Section 2.2, and subject to the limitations set out in Article 6, the Board may award such number of Deferred Share Units to a Participant as the Board deems advisable to provide the Participant with appropriate equity-based compensation for the services he or she renders to the Company. The Board shall determine the date on which such Deferred Share Units may be granted and the date as of which such Deferred Share Units shall be credited to a Participant's Account. The Company and a Participant who receives an award of Deferred Share Units pursuant to this Section 2.3 shall enter into a Grant Agreement to evidence the award and the terms applicable thereto.

## **ARTICLE 3 ADMINISTRATION**

### **3.1 Transferability**

Rights respecting Deferred Share Units shall not be transferable or assignable other than by will or the laws of descent and distribution.

### **3.2 Administration of Plan**

Except as required to ensure that the Plan continues to meet the requirements of paragraph 6801(d) of the regulations under the *Income Tax Act* (Canada) or any successor to such provision, the Board shall have the power, where consistent with the general purpose and intent of the Plan and subject to the specific provisions of the Plan:

- (a) to establish policies and to adopt rules and regulations for carrying out the purposes, provisions and administration of the Plan and to amend and rescind such rules and regulations from time to time;
- (b) to interpret and construe the Plan and to determine all questions arising out of the Plan and any such interpretation, construction or determination made by the Board shall be final, binding and conclusive for all purposes;
- (c) to prescribe the form of the instruments used in conjunction with the Plan; and
- (d) to determine which members of the Board are eligible to participate in the Plan.

### **3.3 Redemption of Deferred Share Units (other than US Taxpayers)**

- (a) Each Participant shall be entitled to redeem his or her Deferred Share Units during the period commencing on the Business Day immediately following the Termination Date and ending on the 90th day following the Termination Date by providing a written Notice of Redemption to the Company. In the event of death of a Participant, the Notice of Redemption shall be filed by the legal representative of the Participant, and must be filed within one year from the Participant's death.
- (b) Upon redemption, the Participant shall be entitled to receive, and the Company shall issue or provide:
  - (i) subject to shareholder approval of this Plan and the limitations set forth in Article 6 below, a number of Common Shares issued from treasury equal to the number of Deferred Share Units in the Participant's Account, subject to any applicable deductions and withholdings;
  - (ii) subject to and in accordance with any Applicable Law, a number of Common Shares purchased by an independent administrator of the Plan (if and when an independent administrator is so engaged by the Company) in the open market for the purposes of providing Common Shares to Participants under the Plan equal in number to the Deferred Share Units in the Participant's Account, subject to any applicable deductions and withholdings;
  - (iii) the payment of a cash amount to a Participant equal to the number of Deferred Share Units multiplied by the Share Price, subject to any applicable deductions and withholdings; or
  - (iv) any combination of the foregoing,as determined by the Board, in its sole discretion.

### **3.4 Payment Notwithstanding**

Notwithstanding any other provision of this Plan, all amounts payable to, or in respect of, a Participant hereunder shall be paid on or before December 31 of the calendar year commencing immediately after the Participant's Termination Date.

## **ARTICLE 4 DIVIDENDS**

### **4.1 Payment of Dividend Equivalents**

Subject to Section 6.2, when Dividends are paid on Common Shares, a Participant shall be credited with Dividend equivalents in respect of the Deferred Share Units credited to the Participant's Account as of the record date for payment of Dividends. No payment in cash should be made to any Participant with respect

to such Dividend equivalent unless the payment of the Dividend equivalent in Deferred Share Units would result in such Participant exceeding any of the participation limits set forth in Section 6.2.

Provided that the payment of a Dividend equivalent in Deferred Share Units would not result in a Participant exceeding any of the participation limits set forth in Section 6.2, such Dividend equivalents shall be converted into additional Deferred Share Units (including fractional Deferred Share Units) based on the Share Price per Common Share on the date credited and redeemed on the Redemption Date of the Deferred Share Unit with respect to which the Dividend equivalent was granted.

In the event that the payment of a Dividend equivalent in Deferred Share Units would result in a Participant exceeding any of the participation limits set forth in Section 6.2, the Company shall pay the amount of such Dividends in cash.

## **ARTICLE 5 ALTERATION OF NUMBER OF SHARES SUBJECT TO THE PLAN**

### **5.1 Subdivisions or Consolidations**

In the event that the Common Shares shall be subdivided or consolidated into a different number of Common Shares or a distribution shall be declared upon the Common Shares payable in Common Shares, the number of Deferred Share Units then recorded in the Participant's Account shall be adjusted by replacing such number by a number equal to the number of Common Shares which would be held by the Participant immediately after the distribution, subdivision, or consolidation, should the Participant have held a number of Common Shares equal to the number of Deferred Share Units recorded in the Participant's Account on the record date fixed for such distribution, subdivision, or consolidation.

### **5.2 Reorganizations**

In the event there shall be any change, other than as specified in Section 5.1, in the number or kind of outstanding Common Shares or of any shares or other securities into which such Common Shares shall have been changed or for which they shall have been exchanged, pursuant to a Reorganization or otherwise, then subject to the prior approval of the Exchange there shall be substituted for each Common Share referred to in the Plan or for each share into which such Common Share shall have been so changed or exchanged, the kind of securities into which each outstanding Common Share shall be so changed or exchanged and an equitable adjustment shall be made, if required, in the number of Deferred Share Units then recorded in the Participant's Account, such adjustment, if any, to be reasonably determined by the Board and to be effective and binding for all purposes.

### **5.3 Adjustments**

In the case of any such substitution, change, or adjustment as provided for in this Article 5: (a) the variation shall generally require that the number of Deferred Share Units then recorded in the Participant's Account prior to such substitution, change, or adjustment will be proportionately and appropriately varied; and (b) fractional Common Shares will not be issued and any fractional entitlements will be rounded down to the nearest whole number.

## ARTICLE 6 RESTRICTIONS ON ISSUANCES

### 6.1 Maximum Number of Deferred Share Units

Deferred Share Units may be granted by the Company in accordance with this Plan, provided the maximum number of Common Shares which may be issued from treasury in connection with the redemption of Deferred Share Units, ~~is~~:

~~(a) shall be 3,000,000 Common Shares, or such greater number as may be approved from time to time by the Company's shareholders; and~~

~~(b)~~ in combination with the aggregate number of Common Shares which may be issuable under any other Security Based Compensation Plan, including the Company's stock option plan and restricted share unit plan, shall not exceed 10% of the total number of issued and outstanding Common Shares on a non-diluted basis, or such greater number of Common Shares as shall have been duly approved by the Board and, if required, by the Exchange (if applicable) or any other stock exchange on which the Common Shares of the Company may then be listed, and by the shareholders of the Company.

### 6.2 Participation Limits

If and for so long as the Company's Common Shares are listed on the Exchange, the number of Common Shares which may be issuable under the Plan and any other Security Based Compensation Plan (for greater certainty including in each case any Common Shares issuable on redemption of Deferred Share Units issued as Dividends pursuant to Section 3.6):

- (a) to any one Participant, shall not exceed 5% of the total number of issued and outstanding Common Shares on a non-diluted basis at the Grant Date;
- (b) within any one-year period:
  - (i) to any one Participant, shall not exceed 5% of the total number of issued and outstanding Common Shares on a non-diluted basis; and
  - (ii) to Insiders of the Company as a group, shall not exceed 10% of the total number of issued and outstanding Common Shares on a non-diluted basis;
- (c) to Insiders of the Company as a group, shall not exceed 10% of the total number of issued and outstanding Common Shares on a non-diluted basis; and
- (d) to each Participant shall not exceed an annual Grant Date value of C\$150,000 under this Plan and all other Security Based Compensation Plans in the aggregate, excluding:
  - (i) the value of the initial grant of Deferred Share Units to the Participant, as of the Grant Date of such Deferred Share Units; and
  - (ii) any amount of remuneration that a Participant has elected to receive in the form of Deferred Share Units in lieu of cash on a value-for-value exchange.

### **6.3 Blackout Period**

In the event the Redemption Date, determined in accordance with the Plan, occurs during a Blackout Period applicable to the relevant Participant, then the Redemption Date, as applicable, shall be the date that is the tenth Business Day after the expiry of the Blackout Period; provided, however, that in the case of a U.S. Taxpayer, the change in the Redemption Date does not violate Section 409A of the Code.

## **ARTICLE 7 AMENDMENT, SUSPENSION, OR TERMINATION**

### **7.1 Amendments Requiring Shareholder Approval**

The Board reserves the right to amend, suspend, or terminate the Plan or any portion thereof at any time, in accordance with Applicable Law, provided that such amendment, suspension, or termination (i) may require shareholder approval and/or Exchange approval; and (ii) will not adversely affect the rights of any Participant with respect to the Deferred Share Units to which the Participant is then entitled under the Plan without the consent of the Participant.

### **7.2 Amendments Not Requiring Shareholder Approval**

Without limiting the generality of the foregoing, unless otherwise required by the Exchange, the Board may make the following amendments to the Plan, without obtaining shareholder approval:

- (a) amendments to the terms and conditions of the Plan necessary to ensure that the Plan complies with the applicable regulatory requirements, including the rules of the Exchange, in place from time to time; or
- (b) amendments to the Plan that are of a “housekeeping” nature, including for the purposes of making formal minor or technical modifications to any of the provisions of the Plan, or to correct any ambiguity, defective provision, error, or omission in the provisions of the Plan,

provided, however, that no such amendment of the Plan may be made without the consent of each affected Participant in the Plan if such amendment would adversely affect the rights of such affected Participant(s) under the Plan.

### **7.3 Amendments and Renewals**

- (a) The Board reserves the right, in its sole discretion, to amend, suspend or terminate the Plan or any portion thereof at any time, in accordance with applicable legislation, provided that such amendment, suspension, or termination (A) may require shareholder approval and/or Exchange approval; and (B) will not adversely affect the rights of any Participant with respect to the Deferred Share Units to which the Participant is then entitled under the Plan without the consent of the Participant.
- (b) Unless a Participant otherwise agrees, any amendment to the Plan or Deferred Share Unit shall apply only in respect of Deferred Share Units granted on or after the date of such amendment.
- (c) The Board may, subject to receipt of requisite shareholder and regulatory approval, make the following amendments to the Plan or any Deferred Share Units granted thereunder:

- (i) any amendment to increase the number of securities issuable under the Plan, including, if applicable, an increase to a fixed maximum number of securities or a change from a fixed maximum number of securities to a fixed maximum percentage;
  - (ii) any cancellation and reissue of Deferred Share Units or other entitlements;
  - (iii) any amendment that extends the term of Deferred Share Units beyond the original expiry;
  - (iv) any amendment to this Section 7.3 relating to the amending provisions of this Plan;
  - (v) any amendment to Section 3.1 of this Plan that would permit Deferred Share Units to be assigned or transferred, other than for normal estate settlement purposes;
  - (vi) a discontinuance of the Plan; and
  - (vii) any other amendments that may lead to significant or unreasonable dilution in the Company's outstanding securities or may provide additional benefits to eligible participants, especially Insiders of the Company, at the expense of the Company and its existing shareholders.
- (d) The Board may, and without further shareholder approval, subject to receipt of requisite regulatory approval, where required, in its sole discretion make the following amendments to the Plan or any Deferred Share Unit granted and any Grant Agreement, that are not of the type contemplated in Section 7.3(c) above, including:
- (i) a change to the vesting provisions of an Deferred Share Unit or the Plan;
  - (ii) subject to Section 7.3(c), any other amendments to Section 3.1 relating to the redemption of Deferred Share Units;
  - (iii) a change to the termination provisions of an Deferred Share Unit or the Plan which does not entail an extension beyond the original expiry date;
  - (iv) a change to the definitions set out in Article 1 (other than the definition of "Participant");
  - (v) make amendments of an administrative nature, including but not limited to Article 3 relating to the administration of the Plan;
  - (vi) make any amendments required to comply with Applicable Laws or the requirements of the Exchange or any regulatory body or stock exchange with jurisdiction over the Company; and
  - (vii) any change fundamental or otherwise, not requiring shareholder approval under Applicable Laws or the rules of the Exchange, including amendments of a "clerical" or "housekeeping" nature and amendments to ensure that the Deferred Share Units granted under the Plan will comply with any provisions respecting

income tax and other laws in force in any country or jurisdiction of which an Participant may from time to time be resident or a citizen.

- (e) Notwithstanding the provisions of Section 7.3(d), the Company shall additionally obtain requisite shareholder approval in respect of amendments to the Plan that are contemplated pursuant to Section 7.3(d), to the extent such approval is required by any Applicable Laws or regulations.

#### **7.4 Tax Matters**

Notwithstanding any other provision of the Plan, any amendment of the Plan or interpretation thereof shall be such that the Plan continuously meets the requirements of paragraph 6801(d) of the regulations under the *Income Tax Act* (Canada) or any successor to such provision.

#### **7.5 Termination of the Plan**

The Board may decide to terminate or suspend the Plan or discontinue granting awards under the Plan at any time in which case no further Deferred Share Units shall be awarded or credited under the Plan. Any Deferred Share Units which remain outstanding in a Participant's Account at that time shall continue to be dealt with according to the terms of the Plan. No termination, suspension, or discontinuation will, without the consent of the Participant or unless required by Applicable Law, adversely affect the rights of a Participant with respect to Deferred Share Units to which the Participant is then entitled under this Plan. In no event will a termination of this Plan accelerate the time at which the Participant -would otherwise be entitled to receive any cash in respect of Deferred Share Units hereunder. The Plan shall terminate when all payments owing pursuant to Section 3.3 of the Plan have been made and all Deferred Share Units have been cancelled in all Participants' Accounts. Notwithstanding the foregoing, termination of the Plan shall be such that the Plan continuously meets the requirements of paragraph 6801(d) of the regulations under the *Income Tax Act* (Canada) or any successor to such provision.

### **ARTICLE 8 AMENDMENT OF DEFERRED SHARE UNITS**

#### **8.1 Consent to Amend**

With the consent of the affected Participant and any applicable regulatory authorities (if required), and without further shareholder approval, the Board may amend or modify any outstanding Deferred Share Unit in any manner to the extent that the Board would have had the authority to initially grant the Deferred Share Unit as so modified or amended.

#### **8.2 Amendment Subject to Approval**

If the amendment of a Deferred Share Unit requires regulatory or shareholder approval, such amendment may be made prior to such approvals being given, but no such amended Deferred Share Units may be redeemed unless and until such approvals are given.

## **ARTICLE 9 GENERAL**

### **9.1 Withholding**

The Company may withhold from any amount payable to a Participant, either under this Plan, or otherwise, such amount as may be necessary so as to ensure that the Company will be able to comply with the provisions of any Applicable Law relating to the withholding of tax or other required deductions, including on the amount, if any, includable in the income of a Participant. For greater certainty, if a Participant is or becomes subject to tax in more than one jurisdiction, the Company may be required to withhold or account for taxes in more than one jurisdiction. The Company shall also have the right in its discretion to satisfy any such withholding tax liability by, among other things, requiring the Participant to remit such amounts to the Company, or by retaining, acquiring, or selling on behalf of a Participant any Common Shares which would otherwise be issued or provided to a Participant hereunder.

Notwithstanding any provision in this Plan, the ultimate liability for all taxes legally payable by a Participant is and remains the Participant's responsibility, and such tax liability may exceed the amount actually withheld by the Company. The Company (a) makes no representations or undertakings regarding the treatment of any taxes under Applicable Laws in connection with any aspect of this Plan; and (b) does not commit to and is under no obligation to structure the terms of this Plan to reduce or eliminate a Participant's liability for taxes or achieve any particular tax result under any Applicable Law.

### **9.2 Legal Compliance**

The Company's grant of any Deferred Share Units or issuance of any Common Shares hereunder is subject to compliance with Applicable Law applicable thereto. As a condition of participating in the Plan, each Participant agrees to comply with all Applicable Law and agrees to furnish to the Company all information and undertakings as may be required to permit compliance with Applicable Law.

### **9.3 No Shareholder Rights**

Under no circumstances shall Deferred Share Units be considered Common Shares nor shall they entitle any Participant to exercise voting rights or any other rights attaching to the ownership of Common Shares nor shall any Participant be considered the owner of Common Shares by virtue of the award of Deferred Share Units.

### **9.4 No Right to Be Retained as Director**

Participation in the Plan shall not be construed to give any Participant a right to be retained or continue to be retained as a Director.

### **9.5 No Other Benefit**

No amount will be paid to, or in respect of, a Participant under the Plan to compensate for a downward fluctuation in the price of Common Shares nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose. The Company makes no representations or warranties to a Participant with respect to the Plan or any Deferred Share Units whatsoever. In seeking the benefits of participation in the Plan, a Participant agrees to exclusively accept all risks associated with a decline in the market price of Common Shares and all other risks associated with the holding of a Deferred Share Unit.

## **9.6 Participation Voluntary**

Participation in the Plan shall be entirely voluntary.

## **9.7 Unfunded Plan**

Unless otherwise determined by the Board, the Plan shall be unfunded. To the extent any Participant or his or her estate holds any rights by virtue of a grant of Deferred Share Units under the Plan, such rights (unless otherwise determined by the Board) shall be no greater than the rights of an unsecured creditor of the Company.

## **9.8 Final Determination**

Any determination or decision by or opinion of the Board made or held pursuant to the terms of the Plan shall be final, conclusive, and binding on all parties concerned. All rights, entitlements, and obligations of Participants under the Plan are set forth in the terms of the Plan and cannot be modified by any other documents, statements, or communications, except by Plan amendments referred to in Article 7 of the Plan.

## **9.9 Ability to Reorganize Company Notwithstanding Deferred Share Units**

The existence of any Deferred Share Units shall not affect in any way the right or power of the Company or its shareholders to make or authorize any adjustment, recapitalization, Reorganization, or other change in the Company's capital structure or its business, or any amalgamation, combination, merger, or consolidation involving the Company or to create or issue any bonds, debentures, shares, or other securities of the Company or the rights and conditions attaching thereto or to affect the dissolution or liquidation of the Company or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

## **9.10 Interpretation**

In this text, words importing the singular meaning shall include the plural and vice versa, and words importing the masculine shall include the feminine and neuter genders.

## **9.11 Severability**

The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from the Plan.

## **9.12 Offer of Common Shares - Change of Control**

Notwithstanding anything else herein to the contrary, subject to prior approval of the Exchange if required, in the event of a Change of Control, then the Redemption Date shall be deemed to be the date on which the Change of Control occurs, and all Deferred Share Units granted to the Participants and outstanding under the Plan shall immediately vest and be paid out in accordance with Section 3.3 or Section 10.3, as applicable.

# **ARTICLE 10 SPECIAL PROVISIONS FOR US TAXPAYERS**

## **10.1 General**

Notwithstanding any provision of the Plan to the contrary, it is intended that the provisions of this Plan comply with or are exempt from Section 409A of the Code, and all provisions of this Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A of the Code. Each US Taxpayer is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or for the account of such US Taxpayer in connection with this Plan or any other Plan of the Company (including any taxes and penalties under Section 409A of the Code), and neither the Company nor any affiliate of the Company shall have any obligation to indemnify or otherwise hold such US Taxpayer (or any beneficiary) harmless from any or all of such taxes or penalties.

### **10.2 Payment of Annual Base Compensation for US Taxpayers**

Notwithstanding anything to the contrary in Section 2.2(b) of the Plan or otherwise, each US Taxpayer may elect to receive in Deferred Share Units up to 100% of his or her Annual Base Compensation by completing and delivering a written election to the Company in the form attached hereto as Schedule “B” on or before December 31 of the calendar year ending immediately before the calendar year with respect to which the election is made. Such election will be effective with respect to compensation payable for Fiscal Quarters during the calendar year following the calendar year in which such written election is made. Further, where an individual that is a US Taxpayer becomes a Participant for the first time during a fiscal year or where any US Taxpayer is serving as a Director in the first calendar year in which the Plan is adopted, such individual may elect to participate in the Plan with respect to Fiscal Quarters of the Company commencing after the Company receives such individual’s written election, which election must be received by the Company no later than 30 days after such individual’s appointment as a Director or the Plan has been adopted, as applicable. For greater certainty, new Participants that are US Taxpayers will not be entitled to receive Deferred Share Units pursuant to an election for the Fiscal Quarter in which they submit their first election to the Company or any previous Fiscal Quarter. Elections under this Section ~~10.29.2~~10.2 shall be irrevocable with respect to compensation earned during the period to which such election relates and for the avoidance of doubt, may not be revoked or changed later than December 31 of the prior year.

### **10.3 Redemption of Deferred Share Units for US Taxpayers**

Notwithstanding anything to the contrary in Section 3.3 of the Plan or otherwise, a US Taxpayer must specify the Redemption Dates for his or her Deferred Share Units at the same time as the initial deferral election is made (upon becoming a newly eligible Participant or with respect to any new election filed for any subsequent years) in accordance with Section 2.2 of the Plan and such Redemption Dates shall be set forth in the applicable Grant Agreement. For the avoidance of doubt, if any additional Deferred Share Units are issued to a US Taxpayer in accordance with Section 2.3 of the Plan, the Redemption Dates shall be set forth in the applicable Grant Agreement, in accordance with this Article 10. Notwithstanding anything to the contrary herein or otherwise, any Deferred Share Units issued to a US Taxpayer shall only be redeemed following such Participant’s Separation From Service and may be redeemed in one or two tranches, with one Redemption Date occurring within 30 days of the US Taxpayer’s Separation from Service but in no event later than the last day of the calendar year in which such Separation From Service occurs and, if applicable, the second Redemption Date shall be on March 1 of the calendar year following such Separation From Service.

### **10.4 Distributions on Death**

Notwithstanding any provision of the Plan to the contrary, the Deferred Share Units issued to a US Taxpayer who dies shall be redeemed and paid to the US Taxpayer’s estate in the calendar year of the US Taxpayer’s death.

### **10.5 Distributions to Specified Employees**

Solely to the extent required by Section 409A of the Code, distributions under the Plan in respect of a US Taxpayer who is determined to be a Specified Employee shall not actually be paid before the date which is six months after the Specified Employee's Separation From Service (or, if earlier, the date of death of the Specified Employee). Following any applicable six month delay of payment, all such delayed payments shall be made to the Specified Employee in a lump sum on the earliest possible payment date.

### **10.6 Non-Exclusivity**

Nothing contained herein will prevent the Board from adopting other or additional compensation arrangements for the benefit of any Participant or holder of Deferred Share Units, subject to any required regulatory or shareholder approval.

### **10.7 Amendment**

The Board shall retain the power and authority to amend or modify this Article 10 to the extent the Board in its sole discretion deems necessary or advisable to comply with any guidance issued under Section 409A of the Code. Such amendments may be made without the approval of any US Taxpayer.

**Schedule A**  
**Discovery Silver Corp. Deferred Share Unit Plan**  
**(the "Plan")**

**DEFERRED SHARE UNIT GRANT AGREEMENT**

This Deferred Share Unit Grant Agreement is entered into between Discovery Silver Corp. (the "**Company**") and the individual named below (the "**Non-Employee Director**") pursuant to Section 2.3 of the Plan and confirms that effective \_\_\_\_\_, 20\_\_ (the "**Effective Date**") \_\_\_\_\_ Deferred Share Units ("**DSUs**") have been granted by the Company to the Non-Employee Director on the terms set out in this Agreement and the Plan.

The Non-Employee Director confirms and acknowledges that:

1. He/she has received a copy of the terms of the Plan and this Agreement, understands and agrees to be bound by them.
2. [OMIT FOR US TAXPAYERS: He/she will not be able to cause the Company to redeem DSUs referred to above or any additional DSUs credited to the Non-Employee Director's Account pursuant to Section 2.2(b) of the Plan in respect of such DSUs until the date specified in the Plan following his/her Termination Date. ][FOR US TAXPAYERS ONLY: Notwithstanding anything to the contrary in the Plan or otherwise, the Non-Employee Director's Account shall be redeemed and the DSUs issued hereunder shall be redeemed in [one][two][equal] installment[s], with one Redemption Date occurring within 30 days of the US Taxpayer's Separation From Service but in no event later than the last day of the calendar year in which such Separation From Service occurs [and, the second Redemption Date occurring on [March 1] of the calendar year following such Separation From Service.]]
3. When DSUs referred to above and additional DSUs credited to the Non-Employee Director's Account pursuant to his/her election are redeemed in accordance with the terms of the Plan after he/she is no longer either a Director or employee of the Company, income tax and other withholdings as required will arise at that time. Upon redemption of the DSUs, the Company will make all appropriate withholdings as required by law at that time.
4. The value of the DSUs is based on the value of the common shares of the Company and therefore is not guaranteed.
5. In the event of any discrepancy between the terms of the Plan and the terms of this Agreement, the terms of the Plan shall prevail. All capitalized expressions used herein shall have the same meaning as in the Plan unless otherwise specified herein.
6. This Agreement shall be determined in accordance with the laws of the province of British Columbia and the laws of Canada applicable therein. Words used herein which are defined in the Plan shall have the respective meanings ascribed to them in the Plan.

IN WITNESS WHEREOF the Company and Non-Employee Director have executed this Agreement as of the Effective Date.

**DISCOVERY SILVER CORP.**

**NON-EMPLOYEE DIRECTOR**

Per: \_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
Print Name:

**Schedule B**  
**Discovery Silver Corp. Deferred Share Unit Plan**  
**(the "Plan")**

**FORM OF DEFERRED SHARE UNIT ELECTION NOTICE**

In order to exercise your right as a Participant, subject to the conditions in this Plan, to elect to be credited with Deferred Share Units in lieu of any amount of your Directors' Annual Base Compensation otherwise payable to you in cash in any Fiscal Quarter or, for a US Taxpayer, calendar year, please complete the information below and return a signed and dated copy of this Election Notice to the Company's Chief Financial Officer.

In order to be effective, this Election Notice, duly executed, must be returned to the Company's Chief Financial Officer (i) in the case of a Participant that is not a US Taxpayer, not later than the last day of the Fiscal Quarter immediately preceding the Fiscal Quarter in respect of which you are making this election; or (ii) in the case of a US Taxpayer, not later than the last day of the calendar year immediately preceding the calendar year in respect of which you are making this election.

I hereby elect, for the Fiscal Quarter/calendar year (circle one) ended \_\_\_\_\_, to receive in DSUs \_\_\_\_\_% (please insert applicable percentage) of the Directors' Annual Base Compensation otherwise payable to me in cash in such calendar year.

I confirm that:

1. I have received and reviewed a copy of the terms of this Plan and agreed to be bound by such terms.
2. I understand that I will not be able to cause the Company to redeem Deferred Share Units granted under this Plan until the dates set forth in the Plan.
3. I recognize that when Deferred Share Units credited pursuant to an election made under this Election Notice are redeemed in accordance with the terms of this Plan after I am no longer a Participant of the Company, income tax and other withholdings as required will arise at that time that will be my obligations (and not the Company's, except as required by law).
4. (select one)
  - I am not a US Taxpayer and I understand that this election shall be irrevocable as of the last day of the Fiscal Quarter prior to the Fiscal Quarter to which the compensation plan relates.
  - I am a US Taxpayer and I understand that this election shall be irrevocable as of December 31 of the year prior to the year to which the compensation plan relates.
5. I understand that the value of Deferred Share Units are based on the value of the Common Shares of the Company and therefore are not guaranteed.
6. I further understand that the foregoing is only a brief outline of certain key provisions of this Plan and that for more complete information, reference should be made to the Plan in its entirety. In the event of any discrepancy between the terms of the Plan and the terms of this Election Notice, the terms of the Plan shall prevail. All capitalized expressions used herein shall have the same meaning as in the Plan unless otherwise defined above.

IN WITNESS WHEREOF the Participant has executed this Notice as of the date set forth below.

---

Date

---

Participant name:

**SCHEDULE C**  
**STOCK OPTION PLAN**

(As Attached)



**DISCOVERY SILVER CORP.**

**STOCK OPTION PLAN**

**May 12, 2023**

**TABLE OF CONTENTS**

ARTICLE 1 DEFINITIONS AND INTERPRETATION ..... 1

    1.1 Defined Terms ..... 1

    1.2 Interpretation..... 2

ARTICLE 2 ESTABLISHMENT OF PLAN ..... 3

    2.1 Purpose..... 3

    2.2 Shares Reserved..... 3

    2.3 Non-Exclusivity ..... 4

    2.4 Effective Date ..... 4

ARTICLE 3 ADMINISTRATION OF PLAN..... 4

    3.1 Administration ..... 4

    3.2 Amendment, Suspension, and Termination ..... 5

    3.3 Compliance with Legislation ..... 6

ARTICLE 4 OPTION GRANTS ..... 7

    4.1 Eligibility and Multiple Grants ..... 7

    4.2 Option Agreement..... 7

    4.3 Limitation on Grants and Exercises ..... 7

ARTICLE 5 OPTION TERMS..... 7

    5.1 Grants..... 7

    5.2 Exercise Price ..... 8

    5.3 Expiry Date ..... 8

    5.4 Vesting ..... 8

    5.5 Non-Assignability..... 8

    5.6 Ceasing to be Eligible Person ..... 8

ARTICLE 6 EXERCISE PROCEDURE..... 9

    6.1 Exercise Procedure ..... 9

    6.2 Withholding ..... 10

ARTICLE 7 AMENDMENT OF OPTIONS..... 10

    7.1 Consent to Amend ..... 10

    7.2 Amendment Subject to Approval..... 10

ARTICLE 8 MISCELLANEOUS ..... 10

    8.1 No Rights as Shareholder ..... 10

    8.2 No Right to Employment..... 10

    8.3 Non-Exclusivity ..... 11

    8.4 Governing Law ..... 11

**ARTICLE 1**  
**DEFINITIONS AND INTERPRETATION**

**1.1 Defined Terms**

For the purposes of this Plan, the following terms shall have the following meanings:

- (a) “**Affiliate**” means an affiliate of the Corporation within the meaning of Section 1.3 of National Instrument 45-106 – *Prospectus Exemptions*, as may be amended or replaced from time to time;
- (b) “**Blackout Period**” means a period of time imposed by the Corporation, pursuant to the Corporation’s policies, upon certain designated persons during which those persons may not trade in any securities of the Corporation;
- (c) “**Board**” means the Board of Directors of the Corporation or, as applicable, a committee duly appointed to administer this Plan consisting of not less than three Directors of the Corporation;
- (d) “**Change of Control**” means the occurrence of any of the following events:
  - (i) the acquisition by any persons acting jointly or in concert (as determined in accordance with the *Securities Act* (British Columbia)), whether directly or indirectly, of voting securities of the Corporation that, together with all other voting securities of the Corporation held by such persons, constitute in the aggregate more than 50% of all outstanding voting securities of the Corporation;
  - (ii) an amalgamation, arrangement, or other form of business combination of the Corporation with another Corporation that results in the holders of voting securities of that other Corporation holding, in the aggregate, more than 50% of all outstanding voting securities of the Corporation resulting from the business combination;
  - (iii) the sale, lease, or exchange of all or substantially all of the property of the Corporation to another person, other than in the ordinary course of business of the Corporation or to a related entity; or
  - (iv) any other transaction that is deemed to be a “Change of Control” for the purposes of this Plan by the Board in its sole discretion;
- (e) “**Common Shares**” means the common shares of the Corporation;
- (f) “**Consultant**” means an individual (other than a Director, Officer, or Employee of the Corporation or any of its subsidiaries) who:
  - (i) is engaged to provide on an ongoing bona fide basis and for a period of at least 12 months, consulting, technical, management, or other services to the Corporation or to an Affiliate of the Corporation, other than services provided in relation to a distribution;

- (ii) provides the services under a written contract between the Corporation or an Affiliate of the Corporation and the individual or the Corporation, as the case may be;
- (iii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention of the affairs and business of the Corporation or any of its subsidiaries; and
- (iv) who otherwise qualifies as a “consultant” under Section 2.22 of National Instrument 45-106 – *Prospectus Exemptions*, as may be amended or replaced from time to time,

and includes a company of which a Consultant is an employee or shareholder and a partnership of which a Consultant is an employee or partner;

- (g) “**Corporation**” means Discovery Silver Corp. and its successor entities;
- (h) “**Director**” means any person holding the position of a director of the Corporation or a direct or indirect subsidiary thereof;
- (i) “**Eligible Person**” means a Director, Officer, Employee, or Consultant;
- (j) “**Employee**” means an individual who:
  - (i) is considered an employee of the Corporation or of its subsidiary under the *Income Tax Act*, i.e. for whom income tax, employment insurance, and Canada Pension Plan deductions must be made at source;
  - (ii) works full-time for the Corporation or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or its subsidiary over the details and method of work as an employee of the Corporation or of the subsidiary, as the case may be, but for whom income tax deductions are not made at source; or
  - (iii) works for the Corporation or its subsidiary on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or its subsidiary over the details and method of work as an employee of the Corporation or of the subsidiary, as the case may be, but for whom income tax deductions are not made at source;
- (k) “**Exchange**” means the Toronto Stock Exchange and any successor entity thereto;
- (l) “**Exercise Price**” means the price at which an Option may be exercised, as determined in accordance with Section 5.1;
- (m) “**Expiry Date**” means the last day of the term for an Option, as set by the Board at the time of grant in accordance with Section 5-35.3 and, if applicable, as amended from time to time;

- (n) “**Insider**” means a “reporting insider” as defined in National Instrument 55-104 – *Insider Reporting Requirements and Exemptions*, as may be amended or replaced from time to time;
- (o) “**Officer**” means an officer (as defined under applicable securities laws) of the Corporation or of any of its subsidiaries;
- (p) “**Option**” means an option to purchase Common Shares pursuant to this Plan;
- (q) “**Optionee**” shall mean an Eligible Person to whom an Option has been granted under the terms of the Plan or who holds an Option that is otherwise subject to the terms of the Plan;
- (r) “**Participant**” means an Eligible Person who has been granted an Option;
- (s) “**Plan**” means this Stock Option Plan; and
- (t) “**Security Based Compensation Plan**” means this Plan and any stock option plan, employee stock purchase plan, restricted share unit plan, deferred share unit plan, or other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares, including but not limited to a purchase of Common Shares from treasury which is financially assisted by the Corporation by way of loan, guarantee, or otherwise.

## 1.2 Interpretation

- (a) References to the outstanding Common Shares at any point in time shall be computed on a non-diluted basis.

## ARTICLE 2 ESTABLISHMENT OF PLAN

### 2.1 Purpose

The purpose of this Plan is to advance the interests of the Corporation, through the grant of Options, by:

- (a) providing an incentive mechanism to foster the interest of Eligible Persons in the success of the Corporation and its Affiliates;
- (b) encouraging Eligible Persons to remain with the Corporation or its Affiliates; and
- (c) attracting new Directors, Officers, Employees, and Consultants.

### 2.2 Shares Reserved

- (a) Options may be granted by the Corporation in accordance with this Plan, provided that the maximum number of Common Shares that may be reserved for issuance or under this Plan, in combination with the aggregate number of Common Shares which may be issuable under any other security-based compensation plan of the Corporation (including the Corporation’s deferred share unit plan and restricted share unit plan), is limited to 10% of the issued and outstanding Common Shares at the time of grant. For greater certainty, if an Option is surrendered, terminated, or expires without being exercised, the Common Shares reserved for issuance pursuant to such Option shall be available for new Options granted under this Plan.

- (b) If there is a change in the outstanding Common Shares by reason of any share consolidation or split, reclassification, or other capital reorganization, or a stock dividend, arrangement, amalgamation, merger, or combination, or any other change to, event affecting, exchange of, or corporate change or transaction affecting the Common Shares, then subject to the prior approval of the Exchange (except for changes pursuant to share consolidations or splits) the Board shall make, as it shall deem advisable and subject to the requisite approval of the relevant regulatory authorities, appropriate substitution and/or adjustment in:
  - (i) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to this Plan;
  - (ii) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to any outstanding unexercised Options, and in the Exercise Price for such shares or other securities or property; and
  - (iii) the vesting of any Options, including the accelerated vesting thereof on conditions the Board deems advisable,

and if the Corporation undertakes an arrangement or is amalgamated, merged, or combined with another corporation, the Board shall make such provision for the protection of the rights of Participants as it shall deem advisable.

- (c) No fractional Common Shares shall be reserved for issuance under this Plan and the Board may determine the manner in which an Option, insofar as it relates to the acquisition of a fractional Common Share, shall be treated.
- (d) The Corporation shall, at all times while this Plan is in effect, reserve and keep available such number of Common Shares as will be sufficient to satisfy the requirements of this Plan. For greater certainty: (i) any increase in the number issued and outstanding Common Shares will result in an increase in the available number of the Common Shares issuable under the Plan, and (ii) exercises of Options will permit the corresponding number of new Option grants to be made available under the Plan.

### **2.3 Non-Exclusivity**

Nothing contained herein shall prevent the Board from adopting such other incentive or compensation arrangements as it shall deem advisable.

### **2.4 Effective Date**

This Plan shall be subject to the approval of any regulatory authority whose approval is required. Any Options granted under this Plan prior to such approvals being given shall be conditional upon such approvals being given, and no such Options may be exercised unless and until such approvals are given.

## **ARTICLE 3 ADMINISTRATION OF PLAN**

### **3.1 Administration**

- (a) This Plan shall be administered by the Board.

- (b) Subject to the provisions of this Plan, the Board shall have the authority:
  - (i) to determine the Eligible Persons to whom Options are granted, to grant such Options, and to determine any terms and conditions, limitations, and restrictions in respect of any particular Option grant, including but not limited to the nature and duration of the restrictions, if any, to be imposed upon the acquisition, sale, or other disposition of Common Shares acquired upon exercise of the Option, and the nature of the events and the duration of the period, if any, in which any Participant's rights in respect of an Option or Common Shares acquired upon exercise of an Option may be forfeited;
  - (ii) to interpret the terms of this Plan, to make all such determinations and take all such other actions in connection with the implementation, operation and administration of this Plan, and to adopt, amend, and rescind such administrative guidelines and other rules and regulations relating to this Plan, as it shall from time to time deem advisable, including without limitation for the purpose of ensuring compliance with Section 3.2 hereof.
- (c) The Board's interpretations, determinations, guidelines, rules, and regulations shall be conclusive and binding upon the Corporation, Eligible Persons, Participants, and all other persons.

### **3.2 Amendment, Suspension, and Termination**

- (a) Subject to the requisite shareholder and regulatory approvals set forth under Section 3.2(b) and Section 3.2(c) below, the Board may from time to time amend or revise the terms of the Plan or may suspend or discontinue the Plan at any time provided however that no such action may, without the consent of the Participant, in any manner adversely affect the Optionee's rights under any Option theretofore granted under the Plan.
- (b) The Board may, subject to receipt of requisite shareholder and regulatory approval, make the following amendments to the Plan or any Options granted thereunder:
  - (i) any amendment to increase the number of securities issuable under the Plan, including, if applicable, an increase to a fixed maximum number of securities or a change from a fixed maximum number of securities to a fixed maximum percentage;
  - (ii) any reduction to the Exercise Price of any Option issued under the Plan or cancellation and reissue of Options or other entitlements;
  - (iii) any amendment that extends the term of Options beyond the original expiry;
  - (iv) any amendment to this Section 3.2 relating to the amending provisions of this Plan;
  - (v) any amendment to Section 5.5 of this Plan that would permit Options to be assigned or transferred, other than for normal estate settlement purposes;
  - (vi) a discontinuance of the Plan; and

- (vii) any other amendments that may lead to significant or unreasonable dilution in the Corporation's outstanding securities or may provide additional benefits to eligible participants, especially Insiders of the Corporation, at the expense of the Corporation and its existing shareholders.
- (c) The Board may, and without further shareholder approval, subject to receipt of requisite regulatory approval, where required, in its sole discretion make the following amendments to the Plan or any Option granted and any Option agreement, that are not of the type contemplated in Section 3.2(b) above, including:
- (i) a change to the vesting provisions of an Option or the Plan;
  - (ii) subject to Section 3.2(b), any other amendments to Sections 5.1, 5.3, 5.4, or 5.5 relating to the exercise of Options;
  - (iii) a change to the termination provisions of an Option or the Plan which does not entail an extension beyond the original Expiry Date;
  - (iv) a change to the definitions set out in Article 1 (other than the definition of "Eligible Person");
  - (v) make amendments of an administrative nature, including but not limited to Article 3 relating to the administration of the Plan;
  - (vi) add or modify a cashless exercise feature providing for payment in cash or securities upon the exercise of Options or a clawback provision;
  - (vii) make any amendments required to comply with applicable laws or the requirements of the Exchange or any regulatory body or stock exchange with jurisdiction over the Corporation; and
  - (viii) any change fundamental or otherwise, not requiring shareholder approval under applicable laws or the rules of the TSX, including amendments of a "clerical" or "housekeeping" nature and amendments to ensure that the Options granted under the Plan will comply with any provisions respecting income tax and other laws in force in any country or jurisdiction of which an Eligible Person may from time to time be resident or a citizen.
- (d) Notwithstanding the provisions of Section 3.2(c), the Corporation shall additionally obtain requisite shareholder approval in respect of amendments to the Plan that are contemplated pursuant to Section 3.2(c), to the extent such approval is required by any applicable laws or regulations.

### **3.3 Compliance with Legislation**

- (a) This Plan, the grant and exercise of Options hereunder, and the Corporation's obligation to sell, issue, and deliver any Common Shares upon exercise of Options shall be subject to all applicable federal, provincial, and foreign laws, policies, rules, and regulations, to the policies, rules, and regulations of any stock exchanges or other markets on which the Common Shares are listed or quoted for trading and to such approvals by any governmental or regulatory agency as may, in the opinion of counsel to the Corporation, be required. The

Corporation shall not be obligated by the existence of this Plan or any provision of this Plan or the grant or exercise of Options hereunder to sell, issue, or deliver Common Shares upon exercise of Options in violation of such laws, policies, rules, and regulations or any condition or requirement of such approvals.

- (b) No Option shall be granted and no Common Shares sold, issued or delivered hereunder where such grant, sale, issue, or delivery would require registration or other qualification of this Plan or of the Common Shares under the securities laws of any foreign jurisdiction, and any purported grant of any Option or any sale, issue, and delivery of Common Shares hereunder in violation of this provision shall be void. In addition, the Corporation shall have no obligation to sell, issue or deliver any Common Shares hereunder unless such Common Shares shall have been duly listed, upon official notice of issuance, with all stock exchanges on which the Common Shares are listed for trading.
- (c) Common Shares sold, issued, and delivered to Participants pursuant to the exercise of Options shall be subject to restrictions on resale and transfer under applicable securities laws and the requirements of any stock exchanges or other markets on which the Common Shares are listed or quoted for trading, and any certificates representing such Common Shares shall bear, as required, a restrictive legend in respect thereof.

## **ARTICLE 4 OPTION GRANTS**

### **4.1 Eligibility and Multiple Grants**

Options shall only be granted to Eligible Persons. An Eligible Person may receive Options on more than one occasion and may receive separate Options, with differing terms, on any one or more occasions, subject to the terms of this Plan.

### **4.2 Option Agreement**

Every Option shall be evidenced by an Option agreement executed by the Corporation and the Participant, which shall, if the Participant is an Employee, or Consultant, contain a representation and warranty by the Corporation and such Participant that such Participant is a bona fide Employee, or Consultant, as the case may be, of the Corporation or an Affiliate. In the event of any discrepancy between this Plan and an Option agreement, the provisions of this Plan shall govern.

### **4.3 Limitation on Grants and Exercises**

- (a) **To Eligible Persons.** The aggregate number of Common Shares reserved for issuance to any one Eligible Person in any 12-month period under this Plan and any other Security Based Compensation Plan shall not exceed 5% of the issued and outstanding Common Shares at the time of the grant.
- (b) **To Insiders.**
  - (i) The aggregate number of Common Shares issued to Insiders of the Corporation pursuant to the exercise of Options, with any 12-month period, under this Plan and any other Security Based Compensation Plan shall not exceed 10% of the Corporation's issued and outstanding securities at the time of the grant.

- (ii) The aggregate number of Common Shares reserved for issuance to Insiders of the Corporation under this Plan and any other Security Based Compensation Plan shall not exceed 10% of the Corporation's issued and outstanding securities at the time of the grant.

## **ARTICLE 5 OPTION TERMS**

### **5.1 Grants**

Subject to this Plan, the Board will have the authority to determine the limitations, restrictions and conditions, if any, in addition to those set out in this Plan, applicable to the exercise of an Option, including, without limitation, the nature and duration of the restrictions, if any, to be imposed upon the sale or other disposition of Common Shares acquired upon exercise of the Option, and the nature of the events, if any, and the duration of the period in which any Optionee's rights in respect of Common Shares acquired upon exercise of an Option may be forfeited.

### **5.2 Exercise Price**

- (a) The Board shall establish the Exercise Price per Common Share for an Option at the time that each Option is granted, provided that the Exercise Price shall be established as one of the following:
  - (i) an Exercise Price that is not less than the "market price" of the Common Shares, as the term "market price" is defined in the TSX Company Manual;
  - (ii) an Exercise Price that is the closing market price of the Common Shares on the trading day preceding the date of grant of the Options; or
  - (iii) an Exercise Price that is not less than the weighted average of the trading prices or average daily high and low board lot trading prices on the five consecutive trading days preceding the date of grant of the Options.
- (b) All grants of Options shall specify the method used for determining the market price in respect of the Options, which method shall be used consistently to set Exercise Prices.

### **5.3 Expiry Date**

Every Option shall have a term not exceeding and shall therefore expire no later than 10 years after the date of grant

### **5.4 Vesting**

The Board shall determine when any Option will become exercisable and may determine that the Option will be exercisable in instalments or pursuant to a vesting schedule.

### **5.5 Non-Assignability**

Options may not be assigned or transferred.

## **5.6 Ceasing to be Eligible Person**

- (a) If a Participant who is an Officer, Employee, or Consultant is terminated for cause, each Option held by such Participant shall terminate and shall therefore cease to be exercisable upon such termination for cause.
- (b) If a Participant dies prior to otherwise ceasing to be an Eligible Person, each Option held by such Participant shall terminate and shall therefore cease to be exercisable no later than the earlier of the Expiry Date and the date which is six months after the date of the Participant's death, always provided that the Board may, in its discretion and subject to Section 5.3, extend the date of such termination and the resulting period in which such Option remains exercisable to a date not exceeding the earlier of the Expiry Date and the date which is twelve months after the date of the Participant's death.
- (c) If a Participant ceases to be an Eligible Person other than in the circumstances set out in Section 5.6(a) or Section 5.6(b), each Option held by such Participant shall terminate and shall therefore cease to be exercisable no later than the earlier of the Expiry Date and the date which is 90 days after such event, always provided that the Board may, in its discretion and subject to Section 5.3, extend the date of such termination and the resulting period in which such Option remains exercisable to a date not exceeding the earlier of the Expiry Date and the date which is twelve months after such event, and further provided that the Board may, in its discretion and subject to Section 5.3, on a case-by-case basis, further extend the date of such termination and the resulting period in which such Option remains exercisable to a date exceeding the date which is after twelve months of such event.
- (d) For greater certainty, if a Participant dies, each Option held by such Participant shall be exercisable by the legal representative of such Participant until such Option terminates and therefore ceases to be exercisable pursuant to the terms of Section 5.6(b).
- (e) If any portion of an Option is not vested at the time a Participant ceases, for any reason whatsoever, to be an Eligible Person, such unvested portion of the Option may not be thereafter exercised by the Participant or its legal representative, as the case may be, always provided that the Board may, in its discretion, thereafter permit the Participant or its legal representative, as the case may be, to exercise all or any part of such unvested portion of the Option that would have vested prior to the time such Option otherwise terminates and therefore ceases to be exercisable pursuant to the terms of this Section. For greater certainty, and without limitation, this provision will apply regardless of whether the Participant ceased to be an Eligible Person voluntarily or involuntarily, was dismissed with or without cause, and regardless of whether the Participant received compensation in respect of dismissal or was entitled to a notice of termination for a period which would otherwise have permitted a greater portion of an Option to vest.

## **5.7 Change of Control**

Notwithstanding anything else herein to the contrary, subject to prior approval of the Exchange if required, in the event of a Change of Control, then all issued and unexercised Options which have not yet vested shall immediately vest and be exercisable effective on the date of the Change of Control.

## **ARTICLE 6 EXERCISE PROCEDURE**

### **6.1 Exercise Procedure**

An Option may be exercised from time to time, and shall be deemed to be validly exercised by the Participant only upon the Participant's delivery to the Corporation at its registered office:

- (a) a written notice of exercise addressed to the Corporate Secretary of the Corporation, specifying the number of Common Shares with respect to which the Option is being exercised;
- (b) the originally signed Option agreement with respect to the Option being exercised;
- (c) a certified cheque or bank draft made payable to the Corporation for the aggregate Exercise Price for the number of Common Shares with respect to which the Option is being exercised; and
- (d) documents containing such representations, warranties, agreements, and undertakings, including such as to the Participant's future dealings in such Common Shares, as counsel to the Corporation reasonably determines to be necessary or advisable in order to comply with or safeguard against the violation of the laws of any jurisdiction;

and on the business day following, the Participant shall be deemed to be a holder of record of the Common Shares with respect to which the Option is being exercised, and thereafter the Corporation shall, within a reasonable amount of time, cause certificates for such Common Shares to be issued and delivered to the Participant.

### **6.2 Withholding**

The Corporation may withhold from any amount payable to an Optionee, either under this Plan or otherwise, such amount as it reasonably believes is necessary to enable the Corporation to comply with the applicable requirements of any federal, provincial, local, or foreign law, or any administrative policy of any applicable tax authority, relating to the withholding of tax or any other required deductions with respect to Options ("**Withholding Obligations**"). The Corporation may also satisfy any liability for any such Withholding Obligations, on such terms and conditions as the Corporation may determine in its discretion, by (a) requiring an Optionee, as a condition to the exercise of any Options, to make such arrangements as the Corporation may require so that the Corporation can satisfy such Withholding Obligations including, without limitation, requiring the Optionee to remit to the Corporation in advance, or reimburse the Corporation for, any such Withholding Obligations or (b) selling on the Optionee's behalf, or requiring the Optionee to sell, any shares acquired by the Optionee under the Plan, or retaining any amount which would otherwise be payable to the Optionee in connection with any such sale.

### **6.3 Blackout Period**

In the event that an Expiry Date of a relevant Option occurs during a Blackout Period, then the Expiry Date of that Option shall be the date that is the tenth Business Day after the expiry of the Blackout Period.

**ARTICLE 7  
AMENDMENT OF OPTIONS**

**7.1 Consent to Amend**

With the consent of the affected Participant and any applicable regulatory authorities (if required), and without further shareholder approval, the Board may amend or modify any outstanding Option in any manner to the extent that the Board would have had the authority to initially grant the Option as so modified or amended, including without limitation, to change the date or dates as of which, or the price at which, an Option becomes exercisable.

**7.2 Amendment Subject to Approval**

If the amendment of an Option requires regulatory or shareholder approval, such amendment may be made prior to such approvals being given, but no such amended Options may be exercised unless and until such approvals are given.

**ARTICLE 8  
MISCELLANEOUS**

**8.1 No Rights as Shareholder**

Nothing in this Plan or any Option shall confer upon a Participant any rights as a shareholder of the Corporation with respect to any of the Common Shares underlying an Option unless and until such Participant shall have become the holder of such Common Shares upon exercise of such Option in accordance with the terms of the Plan.

**8.2 No Right to Employment**

Nothing in this Plan or any Option shall confer upon a Participant any right to continue in the employ of the Corporation or any Affiliate or affect in any way the right of the Corporation or any Affiliate to terminate the Participant's employment, with or without cause, at any time; nor shall anything in the Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any Affiliate to extend the employment of any Participant beyond the time which the Participant would normally be retired pursuant to the provisions of any present or future retirement plan of the Corporation or any Affiliate, or beyond the time at which he would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or any Affiliate.

**8.3 Non-Exclusivity**

Nothing contained herein will prevent the Board from adopting other or additional compensation arrangements for the benefit of any Eligible Person or Optionee, subject to any required regulatory or shareholder approval.

**8.4 Governing Law**

This Plan, all Option agreements, the grant and exercise of Options hereunder, and the sale, issue and delivery of Common Shares hereunder upon exercise of Options shall be, as applicable, governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. The Courts of the Province of British Columbia shall have the exclusive jurisdiction to hear and decide any disputes or other matters arising herefrom.

**SCHEDULE D**  
**BOARD OF DIRECTORS MANDATE**

(As Attached)

# Discoverysilver

**DISCOVERY SILVER CORP.**

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

## 1. Corporate Governance Framework

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

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

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

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

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

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

**1.1 Board, Committee and Policy Framework**

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

## 1. Mandate of the Board of Directors

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

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

### DUTIES OF THE DIRECTORS

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

#### *Oversight of Management*

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

#### *Board Organization*

5. The Board retains the responsibility for managing its own affairs by giving its approval for its composition, the selection of the Chair, candidates nominated for election to the Board, Committee and Committee chair appointments, Committee charters and Officer and Management compensation.
6. The Board may delegate to Board Committees matters it is responsible for, including the approval

of compensation of the Board, Officers and Management, the approval of interim financial results, the conduct of performance evaluations and oversight of internal controls systems, as well as safety matters. However, the Board retains its oversight function and ultimate responsibility for these matters and all other delegated responsibilities.

*Composition*

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

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

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

commitment to the Corporation as well as his or her ability to exercise their fiduciary duties as directors.

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

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

*Monitoring of Financial Performance and Other Financial Reporting Matters*

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

*Policies and Procedures*

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

*Reporting*

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

*Authority*

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

## **EXPECTATIONS OF THE DIRECTORS**

Expectations of the Directors include but are not limited to:

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

## **ADOPTION**

- This Mandate was adopted by the Board on December 12, 2017.
- Amended and approved by the Board on August 26, 2020.
- Reviewed and approved by the Board on November 13, 2023
- Amended and approved by the Board on February 16, 2024

## 2. Accountability of Individual Directors

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

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