No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

*This prospectus supplement, together with the accompanying short form base shelf prospectus dated March 23, 2023 (the "**Prospectus**") to which it relates, as amended or supplemented, and each document incorporated or deemed to be incorporated by reference into the Prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.*

*The securities offered hereby have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws. Accordingly, except as permitted by the Underwriting Agreement (as defined herein) and pursuant to exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws, these securities may not be offered or sold in the United States of America, its territories and possessions, any State of the United States, and the District of Columbia (the "**United States**" or the "**U.S.**"). This prospectus supplement does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States. See "Plan of Distribution".*

***Information has been incorporated by reference into this prospectus supplement and into the Prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated by reference herein and in the Prospectus may be obtained on request without charge from the Chief Financial Officer of Discovery Silver Corp. at 701-55 University Avenue, Toronto, Ontario, M5J 2H7, telephone 416.613.9410, and are also available electronically at www.sedarplus.ca.*

PROSPECTUS SUPPLEMENT

To the Short Form Base Shelf Prospectus Dated March 23, 2023

New Issue January 29, 2025

Discoverysilver

DISCOVERY SILVER CORP.

$225,000,000

250,000,000 Subscription Receipts
each representing a right to receive one Common Share

This prospectus supplement qualifies the distribution (the "**Offering**") of 250,000,000 subscription receipts (the "**Subscription Receipts**") of Discovery Silver Corp. (the "**Corporation**" or "**Discovery**") at a price of $0.90 per Subscription Receipt (the "**Offering Price**"). Each Subscription Receipt will entitle the holder to receive, without payment of additional consideration and without further action, one common share of Discovery (a "**Common Share**") upon the closing of the acquisition (the "**Acquisition**") by Discovery from Goldcorp Canada Ltd. or an affiliate thereof (the "**Seller**"), a wholly owned subsidiary of Newmont Corporation, of 100% of the common shares of a newly created entity ("**NewCo**") formed to hold all of the Seller's rights, title and interest in and to the Hollinger mine, the Hoyle Pond mine, the Borden mine, the Pamour open pit and the Dome mill ("**Porcupine**" or the "**Porcupine Complex**") pursuant to the terms and subject to the conditions of the Acquisition Agreement (as defined herein). See *"The Acquisition"*, *"Details of the Offering"* and *"Plan of Distribution"*.

The gross proceeds from the sale of the Subscription Receipts, less the Non-Escrowed Underwriters' Fee (as defined herein) (collectively, the "**Proceeds**"), will be held by TSX Trust Company, as Subscription Receipt agent (the "**Subscription Receipt Agent**"), and invested in short-term obligations of, or guaranteed by, the Government of Canada, interest-bearing deposits with banks and other financial institutions with issuer credit ratings of at least A assigned by S&P Global Ratings or an equivalent rating from any other designated rating organization (as defined in National Instrument 44-101 – *Short Form Prospectus Distributions*), guaranteed investment certificates of a Canadian Schedule I bank or other approved investments as set forth in the Subscription Receipt Agreement until the earlier of:

(i) the delivery of the Escrow Release Notice (as defined herein) by Discovery, BMO Nesbitt Burns Inc. and SCP Resource Finance LP (together, the "**Co-Lead Underwriters**"), as co-lead underwriters, to the Subscription Receipt Agent, certifying that the Escrow Release Conditions (as defined herein) has been satisfied (the "**Escrow Release Notice**"), and (ii) the Termination Time (as defined herein), all pursuant to the terms and conditions of a Subscription Receipt agreement (the "**Subscription Receipt Agreement**") to be entered into on the Closing Date (as defined herein) among Discovery, the Subscription Receipt Agent and the Co-Lead Underwriters, on their own behalf and on behalf of CIBC World Markets Inc., Cormark Securities Inc., National Bank Financial Inc., Raymond James Ltd. and Ventum Financial Corp. (collectively, the "**Underwriters**"). Any interest or other income earned on the investment or reinvestment of the Proceeds (the "**Earned Interest**" and, together with the Proceeds and any interest or other income earned on such Earned Interest, the "**Escrowed Funds**") from, and including, the Closing Date to, but excluding, the earlier of the delivery of the Escrow Release Notice and the Termination Time will be held by the Subscription Receipt Agent, as agent on behalf of the holders of Subscription Receipts, in accordance with the terms of the Subscription Receipt Agreement. See *"Details of the Offering"*.

Provided that the Acquisition Closing (as defined herein) occurs prior to the Termination Time, the Escrowed Funds, less the Escrowed Underwriters' Fee (as defined herein) will be released to Discovery and each holder of a Subscription Receipt will receive, without payment of additional consideration and without further action, one Common Share for each Subscription Receipt held. See *"Details of the Offering"*. Discovery will utilize the net proceeds of the Offering, together with the net proceeds from the Franco-Nevada Royalty Package (as defined herein) to fund the cash portion of the Purchase Price (as defined herein) for the Acquisition. The net proceeds of the Offering and the Franco-Nevada Royalty Package that exceed the cash portion of the Purchase Price payable on closing are intended to be used by the Corporation to fund capital expenditures and support working capital at Porcupine following completion of the Acquisition, as well as for general corporate and working capital purposes. See *"Use of Proceeds"*.

If (i) the Acquisition Closing does not occur on or before 5:00 p.m. (Eastern time) on June 30, 2025 (the "**Deadline**"), (ii) the Escrow Release Notice has not been delivered to the Subscription Receipt Agent on or before the Deadline, (iii) the Acquisition Agreement is terminated on or before the Deadline, or (iv) Discovery advises the Subscription Receipt Agent and the Co-Lead Underwriters, on behalf of the Underwriters, or announces to the public that it does not intend to proceed with the Acquisition (each, a "**Termination Event**" and the time of any such Termination Event, the "**Termination Time**"), the Subscription Receipt Agent will return to holders of Subscription Receipts from the Escrowed Funds, an amount per Subscription Receipt (the "**Termination Payment**") equal to the Offering Price plus a *pro rata* share of any Earned Interest, calculated from the Closing Date to, but excluding, the Termination Time, net of any applicable withholding taxes. The Termination Payment will be made from the balance of the Escrowed Funds at the Termination Time, provided that if the balance of the Escrowed Funds is insufficient to cover the aggregate of the Termination Payments, under the Subscription Receipt Agreement, Discovery will be required to pay to the Subscription Receipt Agent, as agent on behalf of the holders of Subscription Receipts, the deficiency between the amount of Escrowed Funds at the Termination Time and the aggregate of the Termination Payments due to the holders of Subscription Receipts. See *"Details of the Offering"*.

Price: $0.90 per Subscription Receipt

	Price to the Public	Underwriters' Fee(1)(2)	Net Proceeds to Discovery(3)
Per Subscription Receipt............................	$0.90	$0.037	$0.863
Total (3)...	$225,000,000	$9,187,500	$215,812,500

Notes:

(1) Discovery has agreed to pay the Underwriters a fee equal to 5% of the gross proceeds of the Offering (including any gross proceeds resulting from the exercise of the Over-Allotment Option (as defined herein)), other than gross proceeds on any sales of Subscription Receipts made to Franco-Nevada Corporation ("**Franco-Nevada**"), for which an underwriting fee equal to 2.0% of the gross proceeds from the sale of Subscription Receipts to Franco-Nevada will be paid to the Underwriters (the "**Underwriters' Fee**"). Half (50%) of the Underwriters' Fee is payable on the Closing Date (the "**Non-Escrowed Underwriters' Fee**") with the other half (50%) of the Underwriters' Fee (the "**Escrowed Underwriters' Fee**") payable upon the Acquisition Closing. If a Termination Event occurs, the Underwriters' Fee will consist solely of the Non-Escrowed Underwriters' Fee. See *"Plan of Distribution"*.

(2) Includes the sale of 76,388,888 Subscription Receipts to Franco-Nevada under the Offering.

(3) Before deducting expenses of the Offering, estimated to be approximately $1,200,000, which, together with the Underwriters' Fee, will be paid from the proceeds of the Offering, and excluding any Earned Interest.

(4) Discovery has granted the Underwriters an over-allotment option (the "**Over-Allotment Option**"), exercisable in whole or in part, at any time from time to time until the earlier of (i) 5:00 p.m. (Toronto time) on the date that is 30 days following the Closing Date (including the date thereof), and (ii) the Termination Time, to purchase up to an additional 25,000,000 Subscription Receipts (the "**Over-Allotment Subscription Receipts**") on the same terms and conditions as the Offering, to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in whole or in part, following the Acquisition Closing, an equal number of Common Shares (the "**Over-Allotment Shares**") will be issued and sold in lieu of the Over-Allotment Subscription Receipts.

(5) If the Over-Allotment Option is exercised in full, the total "Price to the Public", "Underwriters' Fee" and "Net Proceeds to Discovery" (before deducting expenses of the Offering and excluding any Earned Interest and including the sale of 78,833,333 Subscription Receipts to Franco-Nevada under the Offering) in respect of the Offering will be $247,500,000, $10,246,500 and $237,253,500, respectively. This prospectus supplement also qualifies the grant of the Over-Allotment Option and the issuance of the Over-Allotment Subscription Receipts and the issuance of the Over-Allotment Shares, as applicable, upon the exercise of the Over-Allotment Option. A purchaser who acquires Over-Allotment Subscription Receipts or Over-Allotment Shares, as applicable, forming part of the Underwriters' over-allocation position acquires such Over-Allotment Subscription Receipts and Over-Allotment Shares under this prospectus supplement, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. Where applicable, references to "Offering" and "Offered Securities" in this prospectus supplement include the Over-Allotment Subscription Receipts and the Over-Allotment Shares, as the context may dictate, issuable upon the exercise of the Over-Allotment Option. See *"Plan of Distribution"*.

The following table sets out the number of Over-Allotment Subscription Receipts that may be issuable pursuant to the Over-Allotment Option.

Underwriters' Position	Maximum Number of Securities Available	Exercise Period	Exercise Price
Over-Allotment Option	25,000,000 Over-Allotment Subscription Receipts (1)(2)	For a period not later than the earlier of (i) 5:00 p.m. (Toronto time) on the date that is 30 days after Closing Date and (ii) the Termination Time	$0.90 per Over-Allotment Subscription Receipt

Note:

(1) If the Over-Allotment Option is exercised in whole or in part, following the Acquisition Closing, Over-Allotment Shares will be issued and sold in lieu of Over-Allotment Subscription Receipts.

(2) Assumes no issuance of Over-Allotment Shares.

The currently issued and outstanding Common Shares are listed and posted for trading on the Toronto Stock Exchange (the "**TSX**") under the symbol "DSV". On January 24, 2025, the last trading day before the public announcement of the Acquisition and the Offering, the closing price of the Common Shares on the TSX was $0.98 per Common Share. On January 28, 2025, the last trading day prior to the filing of this prospectus supplement, the closing price of the Common Shares on the TSX was $1.34 per Common Share.

The TSX has conditionally approved the listing of the Subscription Receipts (including the Over-Allotment Subscription Receipts), the Over-Allotment Shares issuable if the Over-Allotment Option is exercised following the Acquisition Closing and the Common Shares issuable to the holders of the Subscription Receipts. Listing of such securities will be subject to Discovery fulfilling all of the listing requirements of the TSX.

There is currently no market through which the Subscription Receipts may be sold, and purchasers may not be able to resell Subscription Receipts purchased under this prospectus supplement. This may affect the pricing of the Subscription Receipts in the secondary market, the transparency and availability of trading prices, the liquidity of the Subscription Receipts and the extent of issuer regulation. See *"Risk Factors – Market Price"*.

Prospective purchasers should rely only on the information contained or incorporated by reference in this prospectus supplement and the Prospectus. The Corporation and the Underwriters have not authorized anyone to provide prospective purchasers with information different from that contained or incorporated by reference in this prospectus supplement and in the Prospectus. The Subscription Receipts are being offered only in jurisdictions where, and to persons to whom, offers and sales are lawfully permitted.

The Underwriters, as principals, conditionally offer the Subscription Receipts, subject to prior sale, if, as and when issued, sold and delivered by Discovery to, and accepted by, the Underwriters in accordance with the terms and conditions contained in the Underwriting Agreement and subject to the approval of certain legal matters on behalf of Discovery by Bennett Jones LLP and on behalf of the Underwriters by McMillan LLP.

The terms of the Offering were determined by negotiations between Discovery and the Underwriters. **The Underwriters propose to offer the Subscription Receipts initially at the Offering Price. After a reasonable effort has been made to sell all of the Subscription Receipts at the Offering Price, the Underwriters may subsequently reduce the selling price to purchasers from time to time in order to sell any of the Subscription Receipts remaining unsold. Notwithstanding any reduction in the Offering Price, any such reduction will not affect the proceeds received by the Corporation. See *"Plan of Distribution"***.

Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. It is expected that closing of the Offering will occur on or about February 3, 2025, or such later date as Discovery and the Co-Lead Underwriters may agree (such date of closing of the Offering, the "**Closing Date**"). The issuance of the Common Shares to the holders of the Subscription Receipts is conditional upon, among other things, the delivery of the Irrevocable Direction (as defined herein). The Irrevocable Direction will only be delivered if the Escrow Release Conditions are satisfied and the Acquisition Closing occurs prior to the Termination Time. See *"Details of the Offering"* and *"Risk Factors – Subscription Receipt Structure"*.

Subject to applicable laws, the Underwriters may, in connection with the Offering, over-allot or effect transactions which stabilize or maintain the market price of the Subscription Receipts at levels other than those which may prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See *"Plan of Distribution - Price Stabilization, Short Positions and Passive Market Making"*.

Prospective purchasers should be aware that the acquisition of Subscription Receipts described herein may have tax consequences. This prospectus supplement does not describe these tax consequences fully. Prospective purchasers are advised to consult their own tax advisors regarding the application of Canadian federal income tax laws to their particular circumstances, as well as any other provincial, territorial, local, foreign and other tax consequences of acquiring, holding or disposing of Subscription Receipts. See *"Certain Canadian Federal Income Tax Considerations"*.

An investment in the Subscription Receipts involves certain risks that should be considered by a prospective purchaser. See *"Risk Factors"*.

The Corporation's registered office is located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8. The Corporation's corporate head office is located at Suite 701, 55 University Avenue, Toronto, Ontario, M5J 2H7.

Barry Olson, Moira Smith and Daniel Vickerman, each a director of the Corporation, reside outside of Canada. Mr. Olson has appointed Discovery at Suite 701, 55 University Avenue, Toronto, Ontario, M5J 2H7, and Ms. Smith and Mr. Vickerman have each appointed Cassels Brock & Blackwell LLP, Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8, as their agent for service of process in Canada. Prospective investors are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person that resides outside of Canada, even if such person has appointed an agent for service of process.

TABLE OF CONTENTS

IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS

This document is in two parts. The first part is this prospectus supplement, which describes the terms of the Subscription Receipts being offered and also adds to and updates information contained in the accompanying Prospectus and the documents incorporated herein and therein. The second part, the accompanying Prospectus, gives more general information, some of which may not apply to the Subscription Receipts being offered under this prospectus supplement. This prospectus supplement is deemed to be incorporated by reference into the accompanying Prospectus solely for the purposes of the Offering constituted by this prospectus supplement. To the extent there is a conflict between information contained in this prospectus supplement and information contained in the accompanying Prospectus or any document incorporated by reference herein or therein, you should rely on the information contained in this prospectus supplement. However, if any statement in one of these documents is inconsistent with a statement in another document having a later date – for example, a document incorporated by reference into this prospectus supplement or the accompanying Prospectus – the statement in the document having the later date modifies or supersedes the earlier statement.

The Corporation has filed the Prospectus with the securities commissions in each of the provinces and territories of Canada in order to qualify the securities described in the Prospectus in accordance with National Instrument 44-102 – *Shelf Distributions*.

Investors should rely only on information contained in or incorporated by reference into this prospectus supplement and the accompanying Prospectus and such information is accurate only as of the date of the applicable document. The Corporation's business, financial condition, results of operations may have changed since those dates. Information in this prospectus supplement updates and modifies the information in the Prospectus and the information incorporated by reference herein and therein. The Corporation has not authorized anyone to provide investors with different information. Information contained on the Corporation's website shall not be deemed to be a part of this prospectus supplement or incorporated by reference and should not be relied upon by prospective investors for the purpose of determining whether to invest in the securities offered hereby.

The Corporation will not make an offer of these securities in any jurisdiction where the offer or sale is not permitted. Investors should not assume that the information contained in this prospectus supplement is accurate as of any date other than the date on the face page of this prospectus supplement or the date of any documents incorporated by reference herein.

Unless otherwise indicated, the disclosure in this prospectus supplement assumes that the Over-Allotment Option will not be exercised.

Unless the context otherwise requires, all references in this prospectus supplement to the "Corporation" refer to the Corporation and its subsidiary entities on a consolidated basis.

CURRENCY AND EXCHANGE RATE INFORMATION

All dollar amounts set forth in this prospectus supplement are in Canadian dollars unless otherwise indicated. References to "$" or "C$" are to Canadian dollars and references to "US$" are to U.S. dollars. The following table sets forth, for the periods indicated, the high, low, average and end of period daily average rate of exchange for one U.S. dollar, expressed in Canadian dollars, published by the Bank of Canada during the respective periods.

	Year Ended December 31		
	2024	**2023**	**2022**
	(C$)	(C$)	(C$)
Highest rate during the period	1.4416	1.3875	1.3856
Lowest rate during the period	1.3316	1.3128	1.2451
Average daily rate for the period	1.3698	1.3497	1.3011
Rate at the end of the period	1.4389	1.3226	1.3544

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Prospectus Supplement contains "forward-looking statements" or "forward-looking information" within the meaning of applicable securities legislation (collectively referred to herein as "**forward-looking information**" or "**forward-looking statements**"). Forward-looking information includes, but is not limited to, statements with respect to: the completion of the Offering; the expected Closing Date; the exercise of the Over-Allotment Option; the receipt of all necessary regulatory approvals to effect the Offering; the expected use of net proceeds from the Offering, which ultimately remains subject to the Corporation's discretion, as well as the impact of general business, economic and political conditions; the anticipated timing and closing of the Acquisition; the anticipated timing and closing of the Franco-Nevada Royalty Package as well as the anticipated use of proceeds therefrom and the impact thereof on Discovery's financial condition; the anticipated benefits of the Acquisition, including the impact of the Acquisition on Discovery's operations, financial condition, cash flows and overall strategy; the Porcupine Complex, including the assumptions and qualifications contained in the Porcupine Technical Report (as defined herein); the future prices of gold, silver, lead, zinc, and other metals; the price of other commodities such as coal, fuel and electricity; currency exchange rates and interest rates; favourable operating conditions; political stability; timely receipt of governmental approvals, licenses, and permits (and renewals thereof); access to necessary financing; stability of labour markets and in market conditions in general; availability of equipment; the accuracy of mineral resource estimates, and of any metallurgical testing completed to date; estimates of costs and expenditures to complete our programs and goals; the speculative nature of mineral exploration and development and mining operations in general; there being no significant disruptions affecting the development and operation of the Corporation's properties; exchange rate assumptions being approximately consistent with assumptions; the availability of certain consumables and services and the prices for power and other key supplies being approximately consistent with assumptions; labour and materials costs being approximately consistent with assumptions; assumptions made in mineral resource estimates, including, but not limited to, geological interpretation, grades, metal price assumptions, metallurgical and mining recovery rates, geotechnical and hydrogeological assumptions, capital and operating cost estimates, and general marketing factors; other statements relating to the financial and business prospects of the Corporation; information as to the Corporation's strategy, plans or future financial or operating performance; and other events or conditions that may occur in the future. Often, but not always, forward-looking statements can be identified by the use of words and phrases such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved.

Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, the anticipated use of proceeds of the Offering; the timing for completion, settlement and closing of the Offering; the satisfaction of the conditions to closing of the Offering, including receipt in a timely manner of regulatory and other required approvals and clearances, including the approval of the TSX; the plan of distribution for the Offering; the satisfaction of all conditions to closing the Offering, the Franco-Nevada Royalty Package and the Acquisition and, in each case, on the timeframes contemplated; the timely receipt of any necessary TSX, other regulatory and shareholder approvals in connection with the Acquisition; the Purchase Price of the Acquisition, subject to post-closing adjustments and the payment of the deferred cash consideration; the successful completion of the Acquisition and Discovery's ability to obtain the anticipated benefits therefrom; the accuracy of historical and forward-looking operational and financial information and estimates provided by the Seller; Discovery's ability to integrate Porcupine into Discovery's operations; the accuracy of financial and operational projections of Discovery following completion of the Acquisition; the ability to repay the debt financing components of the Franco-Nevada Royalty Package; the anticipated effect of the Acquisition on the consolidated capitalization of Discovery following the completion of the Offering; statements or information concerning the future financial or operating performance of Discovery and its business, operations, properties and condition, resource potential, including the potential quantity and/or grade of minerals, or the potential size of a mineralized zone; potential expansion of mineralization; the timing and results of future resource and/or reserve estimates; the timing of other exploration and development plans at Discovery's mineral project interests; the proposed timing and amount of estimated future production and the illustrative costs thereof; statements regarding the Porcupine Complex and the Cordero Project including the results of technical studies and the anticipated capital and operations costs, sustaining costs, internal rate of return, concession or claim renewal, permitting, economic and scoping-level parameters, mineral resource and/or reserve estimates, the cost and timing of development, mine plans and mining methods, dilution and mining recoveries, processing method and rates and production rates, projected metallurgical recovery rates, infrastructure requirements, capital, operating and sustaining cost estimates, the projected life of mine and other expected attributes of the properties, the net present value, the timing of any environmental assessment processes, changes to configuration that may be requested as a result of stakeholder or government input to the environmental assessment processes, government regulations and permitting timelines, and reclamation obligations; requirements for additional capital; environmental risks; general business and economic conditions; delays in obtaining, or the inability to obtain, third-party contracts, equipment, supplies and governmental or other approvals; accidents; labour disputes; unavailability of appropriate land use permits; changes to land usage agreements and other risks of the mining industry generally and specifically in Mexico; the inability to obtain financing required for the completion of exploration and development activities; changes in business and economic conditions; international conflicts; other factors beyond the Corporation's control; and those factors included herein and elsewhere in the Corporation's public disclosure. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been made. Although the Corporation has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The forward-looking information contained herein is presented for the purposes of assisting investors in understanding the Corporation's expected financial and operating performance and the Corporation's plans and objectives, including its assessment of future plans, operations and financial performance related to the Acquisition and the Offering and the Franco-Nevada Financing Package (as defined herein) and may not be appropriate for other purposes. The Corporation does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

This list is not exhaustive of the factors that may affect any of the Corporation's forward-looking statements. Although the Corporation believes its expectations are based upon reasonable assumptions and have attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. See the section entitled *"Risk Factors"* in this prospectus supplement and in the accompanying Prospectus, and in the section entitled *"Risk Factors"* in the Corporation's annual information form dated as of March 28, 2024 for the financial year ended December 31, 2023 (the "**AIF**"), for additional risk factors that could cause results to differ materially from forward-looking statements.

Investors are cautioned not to put undue reliance on forward-looking information. The forward-looking information contained herein are made as of the date of this prospectus supplement and, accordingly, are subject to change after such date. The Corporation disclaims any intent or obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of assumptions or factors, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. Investors are urged to read the Corporation's filings with Canadian securities regulatory agencies, which can be viewed online under the Corporation's issuer profile on the System for Electronic Data Analysis and Retrieval + at www.sedarplus.ca.

Financial outlook and future-oriented financial information contained in this prospectus supplement about prospective financial performance, financial position or cash flows is based on assumptions about future events, including economic conditions and proposed courses of action, based on management's assessment of the relevant information currently available and is subject to the same risk factors, limitations and qualifications as set forth above. The financial information included in this prospectus supplement has been prepared by, and is the responsibility of, management. The purpose of the financial outlook and future-oriented financial information provided in this prospectus supplement is to assist readers in understanding the Corporation's expected financial results following completion of the Acquisition, the Offering and the Franco-Nevada Financing Package, and may not be appropriate for other purposes. The Corporation and its management believe that such financial information has been prepared on a reasonable basis, reflecting the best estimates and judgments, and that prospective financial information represents, to the best of management's knowledge and opinion, the Corporation's expected course of action. However, because this prospective information is highly subjective, it should not be relied on as necessarily indicative of past or future results, as the actual results may differ materially from those set forth in this prospectus supplement.

This cautionary statement qualifies all forward-looking statements contained in this prospectus supplement, the Prospectus and the documents incorporated by reference in this prospectus supplement and the Prospectus.

INDUSTRY DATA AND THIRD-PARTY SOURCES

The Corporation has obtained any market and industry data and other statistical information presented in this prospectus supplement or the accompanying Prospectus or in the documents incorporated by reference herein and therein from a combination of internal company surveys and third-party information. Such third-party publications and reports generally state that the information contained therein has been obtained from sources believed to be reliable. Although the Corporation believes these publications and reports to be reliable, it has not independently verified the data or other statistical information contained therein, nor has it ascertained the underlying economic or other assumptions relied upon by these sources. The Corporation has no intention and undertakes no obligation to update or revise any such information or data, whether as a result of new information, future events or otherwise, except as required by law.

This prospectus supplement includes certain operational and financial information relating to Porcupine that is based solely upon information provided to the Corporation by the Seller in connection with the Acquisition. See *"Risk Factors – Information Provided by the Seller"*.

PRESENTATION OF FINANCIAL INFORMATION

The financial statements of Discovery incorporated by reference in the Prospectus are reported in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS Accounting Standards**"). Unless otherwise indicated in this prospectus supplement, all financial information relating to Porcupine included in this prospectus supplement is reported in U.S. dollars and has been derived from audited and unaudited historical financial statements of the Seller that were prepared in accordance with accounting principles generally accepted in the United States ("**U.S. GAAP**"). The recognition, measurement and disclosure requirements of U.S. GAAP differ from IFRS Accounting Standards.

CAUTIONARY NOTE REGARDING UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

This prospectus supplement contains the unaudited *pro forma* consolidated financial statements of Discovery, comprised of the *pro forma* consolidated statement of financial position of Discovery as at September 30, 2024 and the *pro forma* consolidated statement of profit (loss) and total comprehensive income (loss) of Discovery for the year ended December 31, 2023 and the nine months ended September 30, 2024, together with the notes thereto, giving effect to the Acquisition, the Offering and the Franco-Nevada Financing Package (the "**Discovery Pro Forma Financial Statements**"). The Discovery Pro Forma Financial Statements have been prepared using certain of Discovery's historical financial statements and certain carveout financial statements of Porcupine prepared by the Seller, as more particularly described in the notes to the Discovery Pro Forma Financial Statements. Discovery has not independently verified the carveout financial statements of Porcupine that were used to prepare the Discovery Pro Forma Financial Statements or that are included in this prospectus supplement. The Discovery Pro Forma Financial Statements are not intended to be indicative of the results that would actually have occurred, or the results expected in future periods, had the events reflected herein occurred on the dates indicated. Actual amounts recorded upon the finalization of the Purchase Price allocation pursuant to the Acquisition Agreement may differ from the amounts reflected in the Discovery Pro Forma Financial Statements. Since the Discovery Pro Forma Financial Statements have been developed to retroactively show the effect of a transaction that has or is expected to occur at a later date, there are limitations inherent in the very nature of *pro forma* financial information and data. The Discovery Pro Forma Financial Statements contained in this prospectus supplement are included for informational purposes only and undue reliance should not be placed on the Discovery Pro Forma Financial Statements. See *"Forward-Looking Information"* and *"Risk Factors"*.

NON-IFRS MEASURES

This prospectus supplement contains references to certain non-IFRS financial measures and ratios and industry measures. In the mining industry, these are common performance measures but may not be comparable to similar measures presented by other issuers, and the non-IFRS measures do not have any standardized meaning. 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 Corporation calculated total cash costs per ounce by dividing the sum of operating costs, royalty costs, production taxes, refining and shipping costs, net of by-product metal credits, by payable ounces. While there is no standardized meaning of the measure across the industry, the Corporation believes that this measure is useful to external users in assessing operating performance.

The Corporation has provided an all-in sustaining costs performance measure that reflects all the expenditures that are required to produce an ounce of metal 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 guidance dated June 27, 2013. 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 operations. Subsequent amendments to the guidance have not materially affected the figures presented.

Free Cash Flow is a non-IFRS 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 Corporation believes that this measure is useful to the external users in assessing the Corporation's ability to generate cash flows from its mineral properties.

TECHNICAL INFORMATION

Scientific and technical information relating to the Cordero Project is supported by the technical information contained within the AIF incorporated by reference herein. See *"Documents Incorporated by Reference"*. The summary of the technical report entitled "Cordero Silver Project: NI 43-101 Technical Report & Feasibility Study (Chihuahua State, Mexico)" (the "**Cordero Technical Report**") is subject to certain assumptions, qualifications and procedures described therein. Reference should be made to the full text of the Cordero Technical Report, which has been filed with Canadian securities regulatory authorities pursuant to National Instrument 43-101 – *Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators* ("**NI 43-101**") and is available for review on SEDAR+ (www.sedarplus.ca) under Discovery's issuer profile.

Scientific and technical information relating to the Porcupine Complex is supported by the technical information contained herein under the heading *"The Acquisition – The Porcupine Complex"*. The summary of the Porcupine Technical Report is subject to certain assumptions, qualifications and procedures described therein. Reference should be made to the full text of the Porcupine Technical Report, which has been filed with Canadian securities regulatory authorities pursuant to NI 43-101 and is available for review on SEDAR+ (www.sedarplus.ca) under Discovery's issuer profile.

DOCUMENTS INCORPORATED BY REFERENCE

This prospectus supplement is deemed to be incorporated by reference into the Prospectus solely for the purposes of the Offering. Other information has also been incorporated by reference in the Prospectus from documents filed with the securities commission or similar regulatory authority in each of the provinces and territories of Canada. Copies of the documents incorporated by reference in the Prospectus may be obtained on request without charge from the Chief Financial Officer of Discovery Silver Corp. at 701-55 University Avenue, Toronto, Ontario, M5J 2H7, telephone 416.613.9410, and are also available electronically at www.sedarplus.ca.

The following documents of Discovery have been filed with the securities commission or similar regulatory authority in each of the provinces and territories of Canada and are specifically incorporated by reference into and form an integral part of the Prospectus:

(a) the AIF;

(b) the refiled audited consolidated financial statements of Discovery as at and for the years ended December 31, 2023 and 2022, as refiled on SEDAR+ on January 24, 2025, together with the notes thereto (the "**Annual Financial Statements**") and the report of the independent auditor thereon;

(c) the management's discussion and analysis of Discovery dated March 28, 2024, (the "**Annual MD&A**") for the years ended December 31, 2023 and 2022;

(d) the unaudited condensed interim consolidated financial statements of Discovery as at and for the three and nine months ended September 30, 2024 and 2023, together with the notes thereto (the "**Q3 2024 Financial Statements**");

(e) the management's discussion and analysis of Discovery dated November 12, 2024 (the "**Q3 2024 MD&A**") for the three and nine months ended September 30, 2024 and 2023;

(f) the information circular of Discovery dated April 5, 2024 relating to the annual meeting of shareholders of Discovery held on May 15, 2024;

(g) the template version (as such term is defined in National Instrument 41-101 – *General Prospectus Requirements*) ("**NI 41-101**") of the term sheet utilized in connection with the Offering, dated and filed January 27, 2025 (the "**Term Sheet**"); and

(h) the template version of the investor presentation utilized in connection with the Offering, dated and filed January 27, 2025, a copy of which is included at page I-1 of this prospectus supplement (the "**Investor Presentation**" and, together with the Term Sheet, the "**Offering Marketing Materials**").

Any documents of the type referred to above, including any interim financial statements and related management's discussion and analysis, any material change reports (except confidential material change reports) and business acquisition reports, filed by the Corporation with the various securities commissions or similar authorities in Canada after the date of this prospectus supplement and prior to the completion or termination of the Offering shall be deemed to be incorporated by reference into the Prospectus for purposes of the Offering. These documents will be available electronically at www.sedarplus.ca.

Any statement contained in the Prospectus, in this prospectus supplement or in any other document (or part thereof) incorporated or deemed to be incorporated by reference into the Prospectus shall be deemed to be modified or superseded for the purposes of this prospectus supplement to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference in the Prospectus modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement or the Prospectus.

MARKETING MATERIALS

The Offering Marketing Materials do not form part of this prospectus supplement or the Prospectus to the extent that the contents thereof have been modified or superseded by a statement contained in this prospectus supplement.

Any template version of any marketing materials (as such term is defined in NI 41-101) filed with the securities commission or similar authority in each of the provinces and territories of Canada in connection with the Offering after the date of this prospectus supplement but prior to the completion or termination of the distribution of the securities under this prospectus supplement is deemed to be incorporated by reference in this prospectus supplement.

DISCOVERY SILVER CORP.

Discovery is principally engaged in the acquisition and exploration of mineral properties, or interests in companies controlling mineral properties, which feature strong grades, meaningful size, and access to existing infrastructure in mining-friendly jurisdictions. The Corporation's technical and management team are currently focused on advancing one project with strong exploration and production potential in northern Mexico: the 100% owned Cordero project located in Chihuahua, Mexico (the "**Cordero Project**"), considered the Corporation's material property.

The Common Shares are listed on the TSX under the symbol "DSV", and trade on the OTCQX under the symbol "DSVSF" and on the Frankfurt Stock Exchange under the symbol "1CU0". The Corporation's objective is to identify and successfully define and develop mineral deposits, primarily in Mexico.

More detailed information regarding the business of the Corporation as well as its operations and assets can be found in the accompanying Prospectus, the AIF and other documents incorporated by reference herein, as supplemented by the disclosure herein. See *"Documents Incorporated by Reference"*.

Recent Developments

On January 27, 2025, Discovery announced that it entered into the Acquisition Agreement to indirectly acquire the Porcupine Complex from the Seller, a wholly owned subsidiary of Newmont Corporation. In connection with the Acquisition, the Corporation announced that it has entered into an Implementation Agreement (as defined herein) with Franco-Nevada in respect of the Franco-Nevada Financing Package. See *"The Acquisition"*.

On June 14, 2024, Discovery announced the engagement of ICP Securities Inc. for automated market making services.

On June 5, 2024, Discovery announced the appointment of Mark Utting as VP Investor Relations.

On April 1, 2024, Discovery announced that it filed the Cordero Technical Report. The Cordero Technical Report was authored by Ausenco Engineering Canada ULC, with support from AGP Mining Consultants Inc., WSP USA Environment and Infrastructure Inc. and RedDot3D Inc.

THE ACQUISITION

The Acquisition

On January 27, 2025, Discovery entered into a share purchase agreement (the "**Acquisition Agreement**") with the Seller to acquire all of the issued and outstanding common shares of NewCo, a newly created entity formed to hold all of the Seller's rights, title and interest in and to the Porcupine Complex, from the Seller, for total consideration of US$425 million (the "**Purchase Price**"). The Purchase Price consists of US$200 million payable in cash and US$75 million payable through the issuance of an aggregate of 119,716,667 Common Shares (the "**Consideration Shares**"), both of which are payable on closing of the Acquisition (the "**Acquisition Closing**") and are subject to customary closing adjustments, and US$150 million of deferred consideration to be paid in four annual cash payments of US$37.5 million commencing on December 31, 2027. The Consideration Shares are subject to a one-year contractual lock-up.

Except for certain liabilities retained by the Seller, Discovery will assume all liability and responsibility for, and all obligations of the Seller arising pursuant to or in connection with, the Porcupine Complex, including liabilities related to former employees of the Seller that will remain with NewCo, certain tax liabilities, the Seller's environmental liabilities, and/or all other environmental and/or mining rehabilitation and reclamation costs, liabilities and obligations in respect of, related to or arising out of the Porcupine Complex. Discovery has also agreed to indemnify the Seller against certain assumed liabilities, transfer taxes and all reclamation liability, as well as in relation to the TTN Litigation (as defined herein).

The Acquisition Closing is subject to certain conditions, including, among other things, the transfer of the Porcupine Complex by the Seller to NewCo (which will be subject to certain approvals, including the consent of Ontario's Ministry of Mines) pursuant to an asset purchase agreement to be entered into between the Seller and NewCo (the "**Reorganization**"), receipt of all required regulatory approvals (including the approval of the TSX and approval, or expiry of the waiting period, under the *Competition Act* (Canada)), and other customary closing conditions for a transaction of this nature. Discovery expects the Acquisition Closing to occur during the first half of 2025 (the date of such closing, the "**Acquisition Closing Date**"). See *"The Acquisition – The Acquisition Agreement"*.

The audited carveout financial statements of Porcupine for the financial years ended December 31, 2023 and December 31, 2022, together with the notes thereto and the report of the independent auditor thereon, the unaudited interim carveout financial statements of Porcupine as at and for the nine months ended September 30, 2024, together with the notes thereto, and the Discovery Pro Forma Financial Statements are included as an appendix to this prospectus supplement. The unaudited *pro forma* consolidated statement of financial position gives effect to the Acquisition, the Offering and the Franco-Nevada Financing Package as if such had taken place as of September 30, 2024. The unaudited *pro forma* consolidated statement of profit (loss) and total comprehensive income (loss) for the financial year ended December 31, 2023 and for the nine months ended September 30, 2024 give effect to the Acquisition, the Offering and the Franco-Nevada Financing Package as if such had taken place as of January 1, 2023. See *"The Acquisition – Selected Unaudited Pro Forma Financial Statements"*.

Discovery expects the cash to fund the cash portion of the Purchase Price for the Acquisition and related expenses will be provided from a combination of the net proceeds of the Offering and the net proceeds of the Franco-Nevada Royalty Package. See *"Financing the Acquisition"* and *"Consolidated Capitalization"*.

Pursuant to the requirements of the TSX, the Corporation is required to obtain shareholder approval for the issuance of the Consideration Shares because the number of Consideration Shares issuable under the Acquisition exceeds 25% of the outstanding Common Shares of the Corporation on a pre-Acquisition, non-diluted basis (the "**Dilution Threshold**"). The Corporation will call a special meeting of the holders of its Common Shares for the purpose of, among other things, considering and approving an ordinary resolution in respect of such approval to be held no later than April 11, 2025. In order to be passed, the resolution requires the affirmative vote of a simple majority of shareholders voting in person or by proxy at such meeting. The Corporation has entered into voting support agreements with its directors, officers and certain other shareholders, holding in the aggregate approximately 35% of the issued and outstanding Common Shares, pursuant to which such security holders have agreed to vote in favour of the issuance of the Consideration Shares under the Acquisition.

Pursuant to the Acquisition Agreement, in the event that shareholder approval is not obtained, the number of Consideration Shares to be issued to the Seller on the Acquisition Closing shall be reduced to 94,512,921 Consideration Shares, and the first deferred cash payment payable to the Seller on December 31, 2027 shall be increased from US$37.5 million to US$53,289,622 in which case, pursuant to the requirements of the TSX, the issuance of such lesser number of Consideration Shares will not be subject to approval by the Corporation's shareholders because such issuance will not exceed the Dilution Threshold. Accordingly, the receipt of shareholder approval is not a condition to closing the Acquisition.

Acquisition Rationale

The proposed Acquisition by Discovery of the Porcupine Complex would create a new gold producer with multiple operations in the prolific Timmins, Ontario gold camps by adding to Discovery's existing operations gold production that, based on the Porcupine Technical Report, is expected to average annual production of 285,000 ounces during the next 10 years, with a total expected mine life of 22 years and what the Corporation believes is substantial upside potential, including opportunities to potentially increase production and reduce costs at the Hoyle Pond, Borden and Pamour mines and upgrade the inferred mineral resources at the Dome mine, which do not form part of the preliminary economic analysis contained in the Porcupine Technical Report. The Porcupine Complex accounts for approximately 65 million ounces of total historical production, with a large remaining mineral resource base and what the Corporation believes is substantial exploration upside to support future potential mine life extensions and production growth, with significant drilling planned across the approximately 140,000-hectare land position in Timmins and at Borden. The Corporation believes that potential exists to both extend existing zones and identify new areas of mineralization at current and past operations and to drill for new discoveries at numerous property-wide targets across the Timmins gold camp.

Discovery's management team has extensive experience working in the Timmins, Ontario gold camp with over a century of collective experience in exploration, discovery, development and operations of deposits and mines in the area and believes it is well positioned to maximize the value of the Porcupine Complex. As set out in the Porcupine Technical Report, the Porcupine Complex is currently expected to generate after-tax free cash flows of US$1.3 billion over the first 10 years with a project net present value at a 5% discount rate ("**NPV**") totaling approximately US$1.2 billion assuming analyst consensus gold prices, including a long-term price of US$2,150 per ounce or US$2.3 billion assuming US$2,650 per ounce using a sensitivity case involving gold prices of +23% to the base case. Over the life of the mine, after-tax free cash flows are estimated at approximately US$1.8 billion at analyst consensus gold prices.

The Corporation believes that the free cash flow from Porcupine, in addition to the net proceeds from the Franco-Nevada Financing Package and the Offering, positions Discovery to build financial strength.

The Acquisition would also diversify the Corporation's portfolio with the strength of the Porcupine Complex to support the financing, and ultimate development and operation, of the Cordero Project.

Selected Unaudited Pro Forma Consolidated Financial Information

The following tables set forth Discovery's selected unaudited *pro forma* consolidated financial information (i) for the year ended December 31, 2023, and (ii) for the nine months ended September 30, 2024, in each case after giving effect to the Acquisition, the Offering and the Franco-Nevada Financing Package, and the assumptions as described in the Discovery Pro Forma Financial Statements. These tables should be read in conjunction with the Discovery Pro Forma Financial Statements included in this prospectus supplement.

The unaudited *pro forma* consolidated financial information set forth below and the Discovery Pro Forma Financial Statements included in this prospectus supplement are not necessarily indicative of results of operations that would have occurred in the year ended December 31, 2023 or the nine months ended September 30, 2024 had the Offering, the Franco-Nevada Financing Package and the Acquisition taken place, nor are they necessarily indicative of operations expected in 2025 and future years.

	As at September 30, 2024 (Canadian dollars in thousands, except per share amounts)			
	Discovery	Porcupine[(1)]	Pro Forma Adjustments	Pro Forma Consolidated
Total assets	125,095	2,083,304	(715,545)	1,492,854
Total liabilities	7,488	1,156,438	(95,460)	1,068,466
Total shareholders' equity	117,607	926,866	(620,085)	424,388
Total liabilities and shareholders' equity	125,095	2,083,304	(715,545)	1,492,854

(1) Column was derived from the carveout financial statements for the Porcupine Complex as at September 30, 2024, which was prepared in U.S. dollars. The exchange rate used to translate the U.S. dollar amounts is the period-end exchange rate at September 30, 2024, of $1.3499 for US$1.00.

	Year ended December 31, 2023 (Canadian dollars in thousands, except per share amounts)			
	Discovery	Porcupine[(1)]	Pro Forma Adjustments	Pro Forma Consolidated
Revenue	--	678,597	--	678,597
Costs applicable to sales	--	407,977	40,756	448,733
Net (loss) income	(15,752)	(79,942)	(17,153)	(112,847)
Comprehensive loss	(14,403)	(82,687)	(17,153)	(114,243)
Loss per share				
Basic	(0.04)	--	(0.11)	(0.15)
Diluted	(0.04)	--	(0.11)	(0.15)

(1) Column was derived from the carveout financial statements for the Porcupine Complex for the year ended December 31, 2023, which was prepared in U.S. dollars. The exchange rate used to translate the U.S. dollar amounts is the average exchange rate for the year ended December 31, 2023, of $1.3497 for US$1.00.

	Nine months ended September 30, 2024 (Canadian dollars in thousands, except per share amounts)			
	Discovery	Porcupine[(1)]	Pro Forma Adjustments	Pro Forma Consolidated
Revenue	--	684,895	--	684,895
Costs applicable to sales	--	320,962	--	320,962
Net (loss) income	(12,977)	118,720	62,690	168,433
Comprehensive (loss) income	(16,170)	118,765	62,690	165,285
Earnings (loss) per share				
Basic	(0.03)	--	0.25	0.22
Diluted	(0.03)	--	0.25	0.22

(1) Column was derived from the carveout financial statements for the Porcupine Complex for the nine months ended September 30, 2024, which was prepared in U.S. dollars. The exchange rate used to translate the U.S. dollar amounts is the average exchange rate for the nine months ended September 30, 2024, of $1.3604 for US$1.00.

The Acquisition Agreement

On January 27, 2025, Discovery entered into the Acquisition Agreement with the Seller to acquire all of the issued and outstanding common shares of NewCo, a newly created entity formed to hold all of the Seller's rights, title and interest in and to Porcupine Complex, from the Seller, for total consideration of US$425 million. The Purchase Price consists of US$200 million payable in cash and US$75 million payable through the issuance of an aggregate of 119,716,667 Consideration Shares, both of which are payable on the Acquisition Closing and are subject to customary closing adjustments, and US$150 million of deferred consideration to be paid in four annual cash payments of US$37.5 million commencing on December 31, 2027. The Consideration Shares are subject to a one-year contractual lock-up.

Except for certain liabilities retained by the Seller, Discovery will assume all liability and responsibility for, and all obligations of the Seller arising pursuant to or in connection with, the Porcupine Complex, including liabilities related to former employees of the Seller that will remain with NewCo, certain tax liabilities, the Seller's environmental liabilities, and/or all other environmental and/or mining rehabilitation and reclamation costs, liabilities and obligations in respect of, related to or arising out of the Porcupine Complex. Discovery has also agreed to indemnify the Seller against certain assumed liabilities, transfer taxes and all reclamation liability, as well as in relation to the TTN Litigation.

The Acquisition Closing is subject to certain conditions, including, among other things, the completion of the Reorganization (which will be subject to certain approvals, including the consent of Ontario's Ministry of Mines), receipt of all required regulatory approvals (including the approval of the TSX and approval, or expiry of the waiting period, under the *Competition Act* (Canada)), and other customary closing conditions for a transaction of this nature.

Pursuant to the requirements of the TSX, the Corporation is required to obtain shareholder approval for the issuance of the Consideration Shares because the number of Consideration Shares issuable under the Acquisition exceeds the Dilution Threshold. The Corporation will call a special meeting of the holders of its Common Shares for the purpose of, among other things, considering and approving an ordinary resolution in respect of such approval to be held no later than April 11, 2025. In order to be passed, the resolution requires the affirmative vote of a simple majority of shareholders voting in person or by proxy at such meeting. The Corporation has entered into voting support agreements with its directors, officers and certain other shareholders, holding in the aggregate approximately 35% of the issued and outstanding Common Shares, pursuant to which such security holders have agreed to vote in favour of the issuance of the Consideration Shares under the Acquisition.

Pursuant to the Acquisition Agreement, in the event that shareholder approval is not obtained, the number of Consideration Shares to be issued to the Seller on the Acquisition Closing shall be reduced to 94,512,921 Consideration Shares, and the first deferred cash payment payable to the Seller on December 31, 2027 shall be increased from US$37.5 million to US$53,289,622 in which case, pursuant to the requirements of the TSX, the issuance of such lesser number of Consideration Shares will not be subject to approval by the Corporation's shareholders because such issuance will not exceed the Dilution Threshold. Accordingly, the receipt of shareholder approval is not a condition to closing the Acquisition.

The Acquisition Agreement contains covenants, representations and warranties of and from each of the parties and various conditions precedent, with respect to each of Discovery and the Seller. Unless all such conditions are satisfied or waived by the party for whose benefit such condition exists, to the extent they may be capable of waiver, the Acquisition will not proceed as proposed, or at all. There is no assurance that the conditions will be satisfied or waived on a timely basis, or at all. See *"Risk Factors – Risks Relating to the Acquisition"*.

The following is a description of certain provisions of the Acquisition Agreement and does not purport to be complete and is qualified in its entirety by reference to the full text of the Acquisition Agreement, which will be filed on Discovery's issuer profile at www.sedarplus.ca. Readers are encouraged to read the Acquisition Agreement in its entirety.

In reviewing the Acquisition Agreement and this summary, readers are advised that this summary has been included to provide readers with information regarding the key terms of the Acquisition Agreement and is not intended to provide any other factual information about Discovery, the Seller, NewCo or any of their respective subsidiaries or affiliates, or the Porcupine Complex. The Acquisition Agreement contains representations and warranties and covenants by each of the parties, which are summarized below. These representations and warranties have been made solely for the benefit of the other party and: (i) are not intended as statements of fact to readers, but rather, as a means of allocating risks between the parties if those statements prove to be inaccurate, in certain circumstances subject to materiality; (ii) have been qualified by certain confidential disclosures that were made to the other parties in connection with the negotiation of the Acquisition Agreement, which disclosures are not reflected in the Acquisition Agreement; and (iii) may apply standards of materiality that are different from what may be viewed as material by readers.

Representations and Warranties

The Acquisition Agreement contains certain customary representations and warranties of the Seller, related to, among other things: "Incorporation and Corporate Power"; "Authorization"; "Enforceability of GCL's Obligations"; "Ownership of Purchased Shares"; "Subsidiaries"; "Qualification to do Business"; "Capitalization"; "Records"; "Bankruptcy, Insolvency and Reorganization"; "Shareholders' and Similar Agreements"; "Mine Financial Statements"; "No GCL Material Adverse Change"; "Title to Other Assets"; "Property"; "Personal Property"; "Company Premises Leases"; "Personal Property Leases"; "Material Contracts"; "Litigation and Orders"; "Compliance with Applicable Laws"; "Company Licences"; "Compliance with Anti-Corruption Laws"; "Anti-Money Laundering and Compliance with Laws"; "Undisclosed Liabilities"; "Consents and Regulatory Approvals"; "Absence of Conflicting Agreements"; "Environmental Matters"; "Contracts with Indigenous Groups"; "Indigenous Groups Claims"; "Insurance"; "Tax Matters"; "Absence of Change"; "Benefit Plans"; "Employment Matters"; "Intellectual Property"; "Related Party Transactions"; "Commissions"; "Residence"; and "No Prior Activity".

The Acquisition Agreement contains certain customary representations and warranties of Discovery, related to, among other things: "Incorporation and Corporate Power"; "Authorization by Purchaser"; "Enforceability of Obligations"; "Subsidiaries"; "Qualification to do Business"; "Capitalization"; "Consents and Regulatory Approvals"; "Investment Canada Act"; "Absence of Conflicting Agreements"; "Financing"; "Bankruptcy, Insolvency and Reorganization"; "Shareholders' and Similar Agreements"; "Financial Statements"; "No Purchaser Material Adverse Change"; "Property"; "Purchaser Premises Leases"; "Personal Property Leases"; "Litigation and Orders"; "Compliance with Applicable Laws"; "Purchaser Licences"; "Compliance with Anti-Corruption Laws"; "Anti-Money Laundering and Compliance with Laws"; "Undisclosed Liabilities"; "Indigenous Group Claims"; "Absence of Change"; "Reports"; "Commissions"; "No Reliance"; "Freely Tradeable Securities"; and "Securities Law Matters".

The representations and warranties made by the parties are, in certain cases, subject to specified exemptions or qualifications.

Covenants of the Parties

Pursuant to the Acquisition Agreement, Discovery and the Seller have agreed to certain covenants, including customary covenants relating to the operation of the Porcupine Complex in the ordinary course during the period between the signing of the Acquisition Agreement and the Acquisition Closing. Below is a summary of certain other covenants contained in the Acquisition Agreement, which is not exhaustive and is qualified in its entirety by reference to the full text of the Acquisition Agreement, which will be filed under the Corporation's issuer profile on SEDAR+ at www.sedarplus.ca.

Reclamation and Closure Plan

Discovery has covenanted to the Seller that Discovery will, and will cause NewCo to: (i) comply with and satisfy the reclamation liabilities in relation to or in connection with the Porcupine Complex; (ii) undertake reclamation of the Porcupine Complex to a standard with complies with the requirements of applicable laws, including environmental laws, and is in accordance with any closure plans agreed to with, or required by, the relevant governmental authorities from time to time; and (iii) provide all security and financial assurance required by any governmental authority in support of the closure plans in respect of the Porcupine Complex as and when required.

Company Employees, Benefit Plans and Pension Plans

Pursuant to the Reorganization, the Seller and its affiliates, as applicable, will transfer the employment of the employees and the engagement of the independent contractors of the Seller and its affiliates which are employed or engaged exclusively in connection with the Porcupine Complex to NewCo, as well as use commercially reasonable efforts to transfer or cause to be transferred the Enterprise Employees (as defined in the Acquisition Agreement) to NewCo (such employees, independent contractors, and Enterprise Employees the "**Company Employees**"). The Company Employees will, as of the Acquisition Closing, or the end of the transition period under the Transition Services Agreement (as applicable), be entitled to participate in the Corporation's benefit plans and pension plans as applicable.

Transaction Financing

Discovery has agreed to take, or cause to be taken, all actions and do, or cause to be done, all things necessary, proper or advisable to consummate and obtain the proceeds under the Offering and the Franco-Nevada Royalty Package (together, the "**Financings**") as promptly as possible. Discovery has also agreed to keep the Seller reasonably informed about the status of the Financings and not amend, supplement, modify or waive any of the terms of the agreements governing the Financings without the prior written consent of the Seller, if such amendment, supplement, modification or waiver would reasonably be expected to prevent or delay the consummation of the Financings. In the event all or any portion of the Financings becomes unavailable on the terms and conditions contemplated in the agreements committing such Financings, then the Purchaser shall promptly arrange and obtain alternative financing from alternative financial institutions, subject to certain limitation, in an amount sufficient to consummate the transactions contemplated by the Acquisition Agreement.

Non-Solicitation of Other Bids

Pursuant to the Acquisition Agreement, the Seller has agreed that it will not, and will not authorize or permit any of its affiliates (including NewCo) or any of its or their representatives to, directly or indirectly: (i) encourage, solicit, initiate, facilitate or continue inquiries regarding an Acquisition Proposal (as defined in the Acquisition Agreement); (ii) enter into discussions or negotiations with, or provide any information to, any person concerning a possible Acquisition Proposal; or (iii) enter into any agreements or other instruments (whether or not binding) regarding an Acquisition Proposal. The Seller has also agreed to terminate all existing discussions or negotiations with any person conducted before the date of the Acquisition Agreement with respect to, or that could lead to, an Acquisition Proposal.

Hollinger Mine

The Seller has agreed that until the Acquisition Closing, the Seller shall, and shall cause NewCo to, cease all manner of mining operations, activities or other actions carried on, at or under the Hollinger mine and all activities of any nature reasonably ancillary thereto, including, without limitation, mining, milling and mineral exploration activities.

Closing Conditions

Completion of the Acquisition is subject to customary closing conditions as set forth in the Acquisition Agreement including, among others, the completion of the Reorganization, the accuracy of representations and warranties, the performance of covenants, the receipt of certain required regulatory approvals, no material adverse change, and the delivery to each of the parties of customary closing documentation.

Termination

The Acquisition Agreement may be terminated at any time prior to the Acquisition Closing: (i) by mutual written consent of Discovery and the Seller; (ii) by either party if the Acquisition Closing has not occurred on or before June 30, 2025, provided that the right to terminate the Acquisition Agreement shall not be available to any party whose breach of any representation or warranty, or failure to perform any covenant or obligation under the Acquisition Agreement shall have been the cause of the failure of the Acquisition Closing to occur prior to such date; or (iii) by either party if any closing condition in favour of that party has not been fulfilled at or before June 30, 2025 or if any such condition is, or becomes, impossible to satisfy prior to June 30, 2025, other than as a result of the failure of that party to comply with its obligations under the Acquisition Agreement.

Ancillary Agreements

Pursuant to the Acquisition Agreement, Discovery and the Seller agreed to the forms of (i) a transition services agreement (the "**Transition Services Agreement**") and (ii) an investor rights agreement (the "**Investor Rights Agreement**"), in each case between Discovery and the Seller, to be entered into at the Acquisition Closing.

The Transition Services Agreement provides for the Seller to provide, or cause its affiliates to provide, certain services to Discovery that are required for the operation of the Porcupine Complex in a similar manner as the Porcupine Complex was operated immediately prior to the Acquisition Closing. In exchange for the services to be provided under the Transition Services Agreement, Discovery has agreed to pay the Seller certain prescribed service fees in accordance with the terms of the Transition Services Agreement and reimburse the Seller for certain prescribed expenses. The Transition Services Agreement shall be effective until six months following the Acquisition Closing Date, unless earlier terminated in accordance with its terms, subject to the right of the Corporation to extend the term of the Transition Services Agreement for an additional three months upon at least 10 days advance written notice to the Seller.

Under the Investor Rights Agreement, for so long as the Seller owns at least 10% of the Common Shares, the Seller shall have the right, but not the obligation, to designate either one nominee to serve as a director of the Corporation or appoint one individual as a non-voting observer to the Board. The Investor Rights Agreement also contains certain pre-emptive and top-up rights in favour of the Seller, provided the Seller owns at least 10% of the Common Shares. Pursuant to the Investor Rights Agreement, the parties have also made certain covenants, including certain covenants from the Seller relating to standstill restrictions and voting support and covenants regarding certain restrictions and conditions on the disposition of Common Shares.

Financing the Acquisition

Discovery will fund the cash Purchase Price for the Acquisition and related expenses from a combination of the net proceeds of the Offering and the net proceeds of the Franco-Nevada Royalty Package. See *"Consolidated Capitalization"*. Also see *"Risk Factors"* for a discussion of certain risks relating to the financing of the Acquisition.

The Franco-Nevada Financing Package

For the purposes of financing the Acquisition, as well as to fund capital expenditures and support working capital needs following completion of the Acquisition, Discovery has entered into an implementation agreement dated January 27, 2025 (the "**Implementation Agreement**") with Franco-Nevada pursuant to which Franco-Nevada has agreed to, or to cause certain of its affiliates to: (i) enter into a net smelter return royalty agreement on the Acquisition Closing Date pursuant to which an affiliate of Franco-Nevada will purchase from Newco upon the closing of the

Acquisition for consideration of US$300 million: (A) a 2.25% life-of-mine net smelter return royalty on all minerals produced from Porcupine (the "**Fixed Royalty**"); and (B) an additional 2.00% fixed and early repayable royalty on all minerals produced from Porcupine (the "**Repayable Royalty**" and together with the Fixed Royalty, the "**Franco-Nevada Royalty Package**"); and (ii) enter into a term loan agreement (the "**Term Loan Agreement**") on the Acquisition Closing Date pursuant to which an affiliate of Franco-Nevada will make available, subject to the satisfaction of the conditions precedent to any advance thereunder, to NewCo, as borrower, upon closing of the Acquisition, a US$100 million term loan facility (the "**Credit Facility**"), to be guaranteed by the Corporation, and any future subsidiary of the Corporation subject to certain exceptions, and, to the extent advanced, the Term Loan Agreement will be secured by, among other things, all assets of the Corporation and NewCo other than the Cordero Project, including, for avoidance of doubt Porcupine and all of the shares of NewCo (collectively, the "**Franco-Nevada Financing Package**"). The Implementation Agreement provides for the closing conditions and closing deliverables that must be respectively, satisfied and delivered in order for funding to occur in respect of the Franco-Nevada Royalty Package. In addition, Franco-Nevada will purchase 76,388,888 Subscription Receipts under the Offering (78,833,333 Subscription Receipts if the Over-Allotment Option is exercised in full). The Subscription Receipts issuable to Franco-Nevada and the Common Shares underlying the Subscription Receipts are subject to a two-year lock-up. In addition, Tony Makuch, the Chief Executive Officer of the Corporation, and Murray John, the Chairman of the Corporation, have each entered into two-year lock-up agreements with Franco-Nevada Corporation.

The Repayable Royalty will be reduced to zero upon the earlier of Franco-Nevada receiving payments from production equal to 72,000 gold ounces or receipt by Franco-Nevada of a one-time early cash payment from Discovery (through NewCo, as payor), at Discovery's sole option, equal to a 12% (annual) pre-tax internal rate of return on US$100 million.

In connection with the Franco-Nevada Royalty Package, Discovery has agreed that if prior to the Acquisition Closing there is a change in applicable law or any interpretation thereof that would materially adversely impact the status of the Franco-Nevada Royalty Package as an interest in land, then at or after the Acquisition Closing, the parties shall work together to amend the Franco-Nevada Royalty Package or if that is not possible to achieve then Franco-Nevada shall be granted a first priority security interest over the Porcupine property to secure NewCo's obligations under and in connection with the Franco-Nevada Royalty Package, which security shall be subordinated in certain circumstances.

The Credit Facility will be made available to Discovery (through NewCo, as borrower) to fund capital expenditures and support working capital at Porcupine following completion of the Acquisition and subject to the satisfaction of the conditions precedent to any advance thereunder. The Credit Facility will be available to be drawn for two years following the Acquisition Closing Date, subject to the satisfaction of certain conditions precedent. Amounts drawn under the Credit Facility will accrue interest at a rate of three-month SOFR plus 450 basis points per annum. The maturity date of the Credit Facility will be seven years and one day from the Acquisition Closing Date, and no principal repayments will be required for the first five years after the Acquisition Closing Date followed by eight quarterly payments equal to 5.0% of the balance outstanding. Any principal amount and any accrued and unpaid interest remaining outstanding on the maturity date will be due and payable on the maturity date. The Credit Facility will be secured by a first ranking security interest on, among other things, all present and after-acquired property of Discovery and NewCo, including, for avoidance of doubt, the Porcupine Complex, all shares of NewCo and all after-acquired assets of Discovery and NewCo, including, for avoidance of doubt, any additional mining projects and guaranteed by the Corporation and any future subsidiary of the Corporation subject to certain exceptions. The Corporation (through NewCo, as borrower) shall pay an upfront fee equal to 2% on any principal drawn and will pay a standby fee of 100 basis points per annum on undrawn funds. The Credit Facility is intended to be used as a standby working capital facility following completion of the Acquisition and subject to the satisfaction of the conditions precedent to any advance thereunder. At the Acquisition Closing, the Corporation is expected to add a total of approximately C$220 million (US$150 million) of cash to its balance sheet, with the US$100 million Credit Facility remaining undrawn and assuming the Over-Allotment Option is not exercised in whole or in part. In addition, pursuant to the Implementation Agreement and the Term Loan Agreement, the Corporation will issue to Franco-Nevada on the date on which the Term Loan Agreement is executed, 3,900,000 common share purchase warrants (the "**Franco Warrants**"). Each Franco Warrant will be exercisable into one Common Share at a price of C$0.95 for a period of three years following the date of issuance.

THE PORCUPINE COMPLEX

Information relating to the Porcupine Complex is set out below. Eric Kallio, P. Geo., Pierre Rocque, P. Eng., of Rocque Engineering Inc. and Dr. Ryan Barnett, P. Geo., of Resource Modeling Solutions Ltd. jointly prepared a technical report in accordance with NI 43-101 entitled "Porcupine Complex, Ontario, Canada, Technical Report on Preliminary Economic Assessment" dated January 28, 2025, with an effective date of January 13, 2025 (the "**Porcupine Technical Report**"). The Summary section of the Porcupine Technical Report is reproduced below, and readers should consult the full Porcupine Technical Report to obtain further particulars regarding the Porcupine Complex. The Porcupine Technical Report is available for review electronically on SEDAR+ (www.sedarplus.ca) under Discovery's issuer profile and is incorporated by reference in its entirety herein. All scientific and technical information in the following summary has been extracted from the Porcupine Technical Report, which was prepared by Eric Kallio, P. Geo., Pierre Rocque, P. Eng., and Dr. Ryan Barnett, P. Geo., each of whom is a qualified person within the meaning of NI 43-101.

Introduction

Mr. Eric Kallio, P.Geo., Mr. Pierre Rocque, P.Eng., and Dr. Ryan Barnett, P.Geo., collectively the Qualified Persons (QPs), prepared a technical report as set out in National Instrument (NI 43-101) and Form 43-101F1 Technical Report (the Report) on the Porcupine Complex (the Project) for Discovery Silver Corporation (Discovery Silver).

The Porcupine Complex includes operating mines at Borden, Hoyle Pond, and Pamour. The Hollinger open pit is suspended, and is considered to be mined out for the purposes of this Report. All mineralization from the operating mines is treated at the Dome process plant, including mineralization from Borden, which is trucked 190 km to the Dome plant.

This Report provides Mineral Resource estimates for the Borden, Dome, Hoyle Pond, and Pamour deposits. It also includes a preliminary economic assessment (the 2024 PEA) based on the Mineral Resource estimates for the Borden, Hoyle Pond and Pamour deposits.

Key Outcomes

- Mineral resource estimate: Measured and Indicated Mineral Resources totalling 69.7 Mt grading 1.76 g/t Au (approximately 3,932 koz); Inferred Mineral Resources totalling 254 Mt grading 1.53 g/t Au (approximately 12,500 koz; estimated for Borden, Dome, Hoyle Pond and Pamour;

- The 2024 PEA mine plan: based on a sub-set of the Mineral Resources estimates for Borden, Hoyle Pond, and Pamour, and assumes a 22-year mine life, with 10 years of production (2025–2035) from Hoyle Pond, eight years of production (2025–2033) from Borden, and 21 years of production (2025–2046) from open pit operations at Pamour; stockpiled material generated during mining of Pamour will be reclaimed for an additional year of milling at the Dome process plant (2047);

- Capital cost estimate: mining costs over the proposed life-of-mine (LOM) total US$868 M, comprising US$147 M for Borden, US$175 M for Hoyle Pond, and US$546 M for Pamour. Process capital costs total US$642 M and site general sustaining capital are US$61 M over the LOM. The exploration capital costs are US$93 M. Closure costs are estimated at US$722 M. The LOM capital costs, inclusive of closure and reclamation, total US$2,385 M;

- Operating cost estimate: mine operating cost estimates include an average of US$126/t processed at Borden, US$291/t processed for Hoyle Pond and US$18.90/t processed for Pamour. Process costs include an allocation of US$8.93/t processed across all operations (fixed costs) in addition to a variable process cost of US$7.33/t processed for Borden, US$7.33/t processed for Hoyle Pond, and US$6.79/t processed for Pamour. All operating costs related to infrastructure are allocated to either the process plant or each mining operation. Total general and administrative costs are estimated at US$770 M. The G&A unit cost averages approximately US$8.09/t processed. Overall, LOM mining costs total US$2,915 M, LOM process costs total US$1,507 M, and LOM general and administrative costs US$771 M, for a total LOM estimate of US$5,192 M;

- Economic analysis: reported on a 100% project ownership basis. Project acquisition costs are considered to be corporate Discovery Silver costs and are not included in the financial evaluation. A royalty anticipated as part of financing of acquisition is included in the Project economics. The Project valuation date basis was January 1, 2025. A discount rate of 5% was used. A reverting price curve was used for the gold price, based on Canadian Imperial Bank of Commerce (CIBC) consensus forecasts, resulting in a long-term gold price assumption for 2028 and beyond of US$2,150/oz Au. The economic analysis includes provision for the Canadian corporate income tax (Federal and Ontario Income Tax), which consists of a combined 25% income tax, and the Ontario Mining Tax, applied at 10% on production earnings before interest, taxes, and corporate overhead costs. Forecast tax payments over the 2024 PEA LOM are estimated at US$947 M. The after-tax Project NPV is US$1,239 M. The economic analysis does not entail initial capital investment prior to the start of production and of cashflow and so there is no internal rate of return or project payback period relevant to the economic analysis presented;

- The sensitivity of the Project NPV to changes in head grades, gold price, metallurgical recoveries, capital costs and operating cost assumptions was tested using a range of up to 23% above and below the base case values. The Project is most sensitive to changes in metal price, closely followed by head grade. Changes in metal prices approximately mirror changes in the gold grade and metallurgical recovery. The Project is less sensitive to variations in operating costs, and least sensitive to capital cost changes;

- The 2024 PEA is preliminary in nature and includes Inferred Mineral Resources that are too speculative geologically to have economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that the preliminary economic assessment will be realized.

Terms of Reference

The Report was prepared to support disclosures in Discovery Silver's press release dated January 27, 2025, titled "Discovery Announces Transformational Acquisition of Newmont's Porcupine Complex".

The term "Project" and "Porcupine Complex" is used in reference to the overall mineral tenure holdings and includes the areas with Mineral Resource estimates and the sub-set of those estimates in the 2024 PEA. The term "Timmins area" refers to the deposits, including Dome, Hoyle Pond and Pamour, and the surrounding mineral tenure in the area of the township of Timmins. The "Borden area" is used to refer to the Borden deposit and surrounding mineral tenure.

Mineral Resources are classified using the 2014 edition of the Canadian Institute of Mining and Metallurgy (CIM) Definition Standards for Mineral Resources and Mineral Reserves (the 2014 CIM Definition Standards).

Units used in the Report are metric units unless otherwise noted. Ounces are in Troy ounces. Monetary units are in United States (US) dollars (US$) unless otherwise stated. The Report used Canadian English.

Ownership

The Porcupine Complex tenure and operations are currently owned by Goldcorp Canada Ltd., (Goldcorp Canada), a wholly-owned subsidiary of Newmont Corp. (Newmont).

On January 27, 2025, Discovery Silver and Goldcorp Canada entered into a definitive agreement whereby Discovery Silver agreed to acquire the Porcupine Complex by paying US$200 million in cash and US$75 M in Discovery Silver shares at the transaction closing date. An additional US$150 M of deferred compensation is to be paid in four annual cash payments of US$37.5 M, commencing on December 31, 2027.

Prior to the transaction closing, Newmont has agreed to transfer the Porcupine Complex mineral tenures and operations into a new company to facilitate the sale of the Porcupine Complex. When the transaction closes, Discovery Silver will indirectly own 100% of the Project through its ownership of all of the shares in the new corporate entity.

Project Setting

The Dome, Pamour and Hoyle Pond Mines are located within the city limits of the City of Timmins. The mines are easily accessible year-round via Highway 101 and secondary access roads. There are existing dedicated haul roads between the former Hollinger mine and Dome mine, and between the Pamour and Hoyle Pond mines and the Dome mine. A full service airport is located north of Timmins. The Borden mine can be accessed from the township of Chapleau using Ontario Provincial Highway 101.

The local Timmins area climate varies from hot summers to cold winters. Mining operations are year-round.

The mine sites are within driving distance of major towns. Timmins is a regional centre for employing and training mining personnel.

The topography of the Timmins area has moderate relief, whereas relief in the Borden area is low to moderate. Vegetation in the Timmins and Borden areas consists of open boreal forest.

Mineral Tenure, Surface Rights, Water Rights, Royalties and Agreements

The mineral tenure holdings are divided for the purposes of this Report between two areas, one referred to as the Timmins area, and the second as the Borden area.

In the Timmins area, there are a total of 382 mineral claims that are wholly owned by Goldcorp Canada, covering approximately 17,325 ha, consisting of boundary, multi-cell and single-cell claims. Claims have expiry dates that range from 2027–2030. There are an additional 416 tenures (8,965 ha) held under joint venture, including boundary, multi-cell and single-cell claims, mining leases, mining patents, and surface leases. Expiry dates range from 2025–2032. Four of the surface leases and the mining patents have no expiry dates. There are four exploration permits, held by Goldcorp Canada and the Ontario Ministry of Energy, Northern Development and Mines (Ministry of Mines), which cover an area of approximately 934 ha and expire in 2026. There are 475 mining patents, covering approximately 10,639 ha, which are wholly-owned by Goldcorp Canada, which have no expiry date. There is a total of 573 surface patents, covering approximately 10,314 ha, which have no expiry date. Three of the surface patents are under joint venture with multiple different parties; the remainder are wholly-owned by Goldcorp Canada. Goldcorp Canada wholly owns 95 mining leases (approximately 3,995 ha), with expiry dates that range from 2025–2044. One mining patent is under joint venture, covering an area of 65 ha, and expires in 2041. Sixty surface leases, wholly-owned by Goldcorp Canada, cover approximately 1,852 ha, and have no expiry dates. There is a single aggregate permit, under joint venture, covering approximately 16 ha that has no expiry date. A land use permit, under joint venture, covers approximately 1 ha and expires in 2029. There are three mining licences of occupation, wholly-owned by Goldcorp Canada, with no expiry date, that cover approximately 722 ha. There are three surface licences of occupation. Two, covering approximately 2 ha, are wholly-owned by Goldcorp Canada. The second, under joint venture, covers approximately 4 ha. None of the surface licences of occupation have expiry dates.

In the Borden area, there are a total of 488 mineral claims (approximately 70,081 ha) wholly owned by Goldcorp Canada, consisting of boundary, multi-cell, and single-cell claims. Claims have expiry dates that range from 2029–2030. There are 491 mining patents covering a total area of approximately 39,140 ha, of which 489 (approximately 31,011 ha) are held by Goldcorp Canada as wholly-owned, and two (approximately 129.43 ha) that are held by third parties. In addition, there are 42 surface patents covering a total area of approximately 2,570 ha, of which 41 (approximately 2,508 ha) are held by Goldcorp Canada as wholly-owned, and one (approximately 62 ha) that is held by third parties. Mining and surface patents do not have expiry dates. There are 21 mining leases, wholly owned by Goldcorp Canada, totalling approximately 2,355 ha. There are an additional 13 surface leases, totalling approximately 1,480 ha, which are wholly owned by Goldcorp Canada. Mining and surface leases expire in 2040.

The Timmins and Borden areas have a number of surface agreements to provide surface rights. Surface rights holdings are sufficient to support the LOM plan.

There are 14 disposition agreements, 17 easement agreements, five memoranda of understanding, 11 lease agreements, six joint venture agreements, three option agreements, two highway permits, and 41 surface agreements for the

Timmins area, all of which are with multiple parties. These agreements have various expiry dates that range from 2024–2062. Agreements with 2024 expiry dates, such as some of the surface access agreements, are in the renewal process. Some agreements have no expiry date. There are an additional 11 agreements specifically concluded with Glencore that cover aspects such as agreements on waste rock disposal facilities, mine closure and remediation plans, air dispersion modelling, operations and steering committees, access rights and easements, and water supply and discharge agreements. These have expiry dates that range from 2024–2031. Agreements with 2024 expiry dates are in the renewal process. Where agreements have expiry dates immediately prior, or immediately following, the Report effective date, Newmont experts advised the QP that renewal applications have, or will be, lodged. In some instances, the agreements automatically extend each year and no renewal is needed.

Two surface agreements are in place for the Borden area. One expires in 2035, the second in 2036.

Goldcorp Canada does not exclusively hold water rights for the Porcupine and Borden sites. Water taking from groundwater and freshwater sources is regulated by the Ontario Ministry of Environment, Conservation and Parks (Ministry of the Environment) and requires a Permit to Take Water for any water taking over 50,000 litres per day. The Porcupine and Borden sites have active Permits to Take Water where required for mining and associated activities. Permits to Take water are required to be renewed on a frequency specified in the permits in order to support mining activities. The Hoyle Pond Mine uses fresh water from a surface water source drawn by the neighbouring Glencore Kidd Metallurgical facility. Glencore has announced the closure of that facility in 2026, and as such, alternative freshwater sources are actively being considered.

Royalties consists of an over-arching royalty payable to Franco-Nevada Corporation (Franco-Nevada), and royalties with individuals that are attached to specific claims groups. In the latter instance, the royalties are classified as material or non-material, where a material royalty is on claims that have a current Mineral Resource estimate.

As part of Project acquisition financing, Discovery Silver intends to enter into a 4.25% net smelter return (NSR) royalty arrangement with Franco-Nevada Corporation (Franco-Nevada). Of this NSR, 2.25% is a royalty in perpetuity, and 2% can be re-purchased.

There are eight material royalties in the Timmins area. Royalties with net smelter return obligations range from 1–2.25%. Other royalties are levied on a production tonnage basis. There are 44 non-material royalties associated with the Timmins area. There is one material royalty for the Borden area which has a 1% net smelter return. There are three non-material royalties associated with the Borden area.

Geology and Mineralization

The Project is within the Kapuskasing structural zone of the Wawa sub-province, and Abitibi sub-province of the Archean Superior Craton.

Within the Abitibi sub-province are a number of laterally extensive, stacked, volcano–sedimentary successions and assemblages that may have conformable, unconformable, or disconformable contacts. These assemblages have been variably intruded by a series of granite, tonalite, granodiorite, porphyry, and syenite/albitite intrusions. All of the Abitibi sub-province rocks have been metamorphosed, reaching lower to middle greenschist facies in the Timmins area. Gold mineralization is considered to be generally late in the evolution of the Abitibi sub-province. Mineralization is hosted primarily within the Tisdale, Porcupine and Timiskaming assemblages. Unconformities or disconformities have been identified between each assemblage. Deposits are juxtaposed along the Porcupine–Destor and Larder Lake–Cadillac deformation zones. Mineralization in the Timmins area primarily consists of networks of steeply- to moderately-dipping fault-fill quartz-carbonate ± tourmaline ± pyrite veins and associated extensional, variably deformed, shallowly to moderately dipping arrays of sigmoidal veins hosted in highly carbonatized and sericitized rocks.

A series of structural belts young to the east within the Wawa domain, the youngest being the 5 x 35 km Borden Lake belt that hosts the Borden deposit. This belt comprises an east-west trending assemblage of metasedimentary units, including a polymictic meta-conglomerate, mafic and felsic metavolcanic rocks, and mafic gneisses. Metamorphism in the Kapuskasing structural zone ranges from upper-amphibolite to granulite facies. Metamorphism in the vicinity of the Borden deposit is of upper amphibolite grade. Mineralization in the Borden area occurs as a broad zone with quartz and white mica, biotite, and garnet with disseminated and fracture-controlled sulphides (pyrite and pyrrhotite), within a volcano-metasedimentary package of variable composition. Mineralization consists of low-to-moderate grade gold concentrations, with a higher-grade core that increases in grade toward the southeast.

The Timmins area remains prospective along the Destor–Porcupine fault zone where the Timiskaming Unconformity is in contact with Tisdale ultramafic volcanic lithologies, and around legacy mine sites. These include at depth and along strike of the Hollinger to McIntyre, Broulan, Coniaurum, Owl Creek Deep, and Paymaster zones. In the Borden area the zone west of the Borden ramp at Borden West and the B Roswell East and West zones show prospectivity.

The Borden deposit remains open along strike to the east and west. The Hoyle Pond deposit remains open at the XMS zone, the S-vein upward and down-plunge extensions, the NMV2 zone near the 1350 level of the mine, and the TVZ zone. The Pamour deposit remains open at depth and along strike of the old underground workings. There may be potential for extending mineralization to the north of the current resource model. Pamour West remains open at depth. There may be potential for additional mineralization between the Pamour open pit and Pamour West.

History

The Timmins area has a long history of exploration and production, commencing with the first gold discovery in 1909. Numerous companies were involved in exploration and mining activities from 1910–2002, including Dome Mines Limited, Standard Gold Mines Limited, West Dome Mines Limited, Hollinger Gold Mines Limited, Preston East Dome Mines Limited, Three Nations Mining Co. Ltd., La Palme Porcupine Mines Ltd., Consolidated West Dome Mines Ltd., Paymaster Consolidated Mines Ltd., Porcupine Paymaster Limited, Pamour Porcupine Mines Limited, Noranda Inc., Midcamp Mines Ltd., Preston Mines Limited, Texas Gulf Inc., Texas Gulf Sulphur Company, Kidd Creek Mines Ltd., Falconbridge Gold Corporation, Diepdaume Mines Limited, Kapuskasing Resources, Pamour Inc., Jimberlana Minerals, Giant Resources Limited, Placer Dome Inc. (Placer Dome), Royal Oak Mines Ltd., Kinross Gold Corp (Kinross). In 2002, the Porcupine Joint Venture (PJV) between Kinross and Placer Dome was established. In 2006, the PJV and other properties held by Placer Dome were acquired by Goldcorp Inc. (Goldcorp) as part of a larger transaction when Barrick Gold Corp. (Barrick) took over Placer Dome. Goldcorp subsequently merged with Newmont Corp. (Newmont) in 2019. Work completed by the companies listed included geological mapping, geophysical surveys, core drilling, mining and technical studies, and open pit and underground mining operations.

Probe Mines Limited commenced work in the Borden area in 2010, and was acquired by Goldcorp in 2015. Work completed included geological mapping, geophysical surveys, core drilling, mining and technical studies, and underground mining operations.

Drilling and Sampling

Core drilling in the period 1905–30 September 2024 from surface and underground in the Project area totals 145,696 drill holes (15,298,198.50 m). As Discovery Silver does not yet own an interest in the Project, all drilling and sampling activities were completed by parties other than Discovery Silver.

Drilling at the Borden deposit comprises 2,553 core drill holes (679,176.04 m). The total drilling at the Dome deposit consists of 1,958,613.96 m of drilling in 32,299 core holes. The drilling at Hollinger consists of 41,504 core holes for 1,673,267.27 m of drilling. Drilling at the Hoyle Pond deposit comprises 24,399 core holes (2,983,592.08 m). The total drilling at the Pamour deposit consists of 1,728,394.87 m of drilling in 27,570 core holes.

Regional drilling in the Timmins area, outside known deposits, consists of 16,591 drill holes (1,511,526 m), with 304 drill holes (62,086 m) completed as part of regional exploration in the Borden area.

A range of drill types and methods have been used at the operations over time. Core sizes include AQ (27 mm core diameter), AQTK (30.5 mm), ATW (30.1 mm), E (21.5 mm), EXT (23 mm), HQ (63.5 mm), NQ (47.6 mm) and PQ (85 mm).

Grade and ore control samples are not used in estimation. They are used for short-term production planning purposes.

Prior to digital logging and databases paper drill logs were used. All relevant historical paper logs supporting current operations/resources have been digitized, and other legacy sites have had available paper logs scanned and are available for digitization into the main geological database. Historical digital logging in the Timmins area was primarily completed using various digital logging platforms both third party and internal databases such as acQuire, Geospark, Access, or Excel spreadsheets were used to capture relevant geological data directly as digital inputs.

Current core logging (2019 to present) adheres to the Newmont global standard for core logging. Qualitive and quantitative geological data are digitally recorded by the geologists using Newmont's internal logging program CORE management 2.0 software, which is a graphical logging program front-end that interfaces with Newmont's Global Exploration Database (GED) where captured data are saved in a series of tables organized by site and by site project, and data type (for example, Hoyle Pond, Borden, lithology, alteration). Geotechnical logging is completed, and can include information such as vein contacts, bedding angles, core recovery, presence of faults and fractures, rock quality designation (RQD), and strain intensity. All core is photographed wet and dry, organized, and named according to the drill hole ID and depth of the interval of core captured. Core photographs are saved to a central server. Core recovery in the Timmins and Borden areas is generally very good.

Collar and down-hole survey intervals, methods, and instrumentation varied over time, and were industry accepted at the time of use.

Historical documentation is not readily available. For many of the early Timmins area drill programs, prior to 1991, the whole core was sent for analysis. Currently, after core is logged, marked and tagged, geologists define the sample intervals on the core whilst logging and add one tag to the core box at the end of each sample interval. Sample intervals varied by deposit, and could range from 0.001–6.4 m, but typically had mean values of either 1.0 m or 1.5 m.

Specific gravity determinations are recorded in the Project database. Data were primarily collected using the Archimedes method, which involves weighing a sample in air, and dividing this value by the difference between the mass in air and the mass while immersed in water. The data are of sufficient quality to support Mineral Resource estimation.

A large number of laboratories, and consequently sample preparation and analytical procedures, were used over the Project history. To 1990, all Dome samples were prepared and assayed at the Dome laboratory, a non-independent, non-accredited run-of-mine laboratory. From 1990–1993 all underground samples were processed at the Dome Mine laboratory, but most surface samples were sent to a variety of different independent external laboratories including Swastika Laboratories in Swastika, Assayers Laboratory in Rouyn-Noranda, SGS Laboratories (SGS) in Rouyn-Noranda, Chimitec in Val d'Or and Quebec City, XRAL Laboratories in Toronto, or Bondar Clegg, in Ottawa. Samples from Blueberry Hill drilling in 1991 were sent to Accurassay laboratories in Kirkland Lake. Accreditations for these laboratories are not recorded in the Project database.

Sample preparation procedures prior to 2009 are not well documented. Since 2009, sample preparation, while not standardized, was quite similar at most operations. Historically sample preparation for pulp and metallic assays was undertaken by the Dome Mine laboratory, Swastika and Chimitec in Rouyn Noranda and Mississauga. Procedures for preparation varied slightly from laboratory to laboratory in terms of particle size and quantity of crushed product, splitting procedures, and the size of the pulp selected for assay. Crushing ranged from 75–85% passing <2 mm; pulverizing from 85–90% passing <75 µm.

Pre-1968, all samples at the Dome mine laboratory were analyzed using fire assay with a gravimetric finish. From 1968–1986 an aqua regia digestion/methyl isobutyl ketone extraction with an atomic absorption (AA) finish (AD/SE) was used. This method was subsequently found to underestimate gold concentrations and was discontinued. After 1986 the laboratory returned to fire assaying, but with AA finish on lower-grade samples and a gravimetric finish on higher-grade samples. Current assay methods for gold typically use fire assay with an AA finish, and overlimit samples are re-assayed using gravimetric methods. Multi-element analyses using aqua regia digestion with inductively coupled plasma–optical emission spectroscopy (ICP–OES) or ICP mass spectrometry (MS) are completed on request.

Many of the samples analyzed for Hoyle Pond during the period from 1969–1990 have been mined out and are no longer considered to be material to the Mineral Resource estimates. A portion of the historical assay data is still used for the Dome and Pamour estimates. There are no records of independent QA/QC procedures being used in gold assaying prior to 1991, although it is possible that some were inserted and used by individual laboratories but not well documented. The first formal QA/QC programs were initiated in 1992. An extensive checking program was in place from 1990–1992 which included comparison of duplicate samples from the various laboratories used in that period, as well as metallic screen assaying and total pulverization testing. A blind QA/QC program was implemented on all Porcupine Joint Venture advanced exploration programs beginning November 12, 2002. The program included insertion of blank, standard and duplicate samples. The initial Borden protocols, in use from 2010–2015, consisted of insertion of blanks and standards. After 2015, the same QA/QC regime as used for the Porcupine Joint Venture was instituted. A comprehensive and rigorous QA/QC program is currently in place for all Project exploration and delineation activities that includes insertion of blank, standard, and duplicate samples, at a 1:20 insertion rate.

Sample security has not historically been monitored. Sample collection from drill point to laboratory relied upon the fact that samples were either always attended to, or stored in the locked on-site preparation facility, or stored in a secure area prior to laboratory shipment. Security tags were used on sample shipments shipped with third-party contractors. Currently and since 2018, laboratory staff directly pick up the samples from the core shacks and transport them to the laboratory. Chain-of-custody procedures consisted of sample submittal forms to be sent to the laboratory with sample shipments to ensure that all samples were received by the laboratory.

Data Verification

Database administrative staff and Project geologists typically completed verification checks during the process of data upload to the databases as set out in standard operating procedures.

Data verification has been completed over the mine history in support of a number of studies, including annual Mineral Resource and Mineral Reserve estimate documentation, internal mining studies, internal studies on specific datasets, and technical reports prepared under NI 43-101. Aspects of these reports and studies were reviewed by the QPs, as applicable to their discipline areas, and provide support for conclusions reached by the QPs that the data can be used in support of Mineral Resource estimation.

The QPs individually reviewed the information in their areas of expertise, and concluded that the information supported Mineral Resource estimation, and could be used in PEA-level mine planning and economic analysis.

Metallurgical Testwork

Mining and milling operations at the Dome site date from 1910, with the current process plant built in the early 1980s. The original carbon-in-pulp (CIP) circuit was constructed in 1988 and in 1995, a new crushing circuit, additional leach tanks, a new CIP circuit, and a second grinding line were added. In 2004, the process plant was expanded by adding a Rod Mill to B Circuit to handle mineralization from the Pamour open pit. Following the 2004 expansion, the plant flowsheet has remained relatively constant.

During the 100+ year history of the Porcupine Complex, a significant number of metallurgical studies and accompanying laboratory-scale and/or pilot plant tests have been completed. The majority of the early testwork is no longer relevant due to the deposit areas that were tested being mined out.

Either internal metallurgical research facilities operated by the property owner at the time, or external consultants, undertook the testwork and associated research. The testwork facilities performed metallurgical testing using industry-accepted procedures and to industry-accepted standards at the time the testwork was completed. There is no international standard of accreditation provided for metallurgical testing laboratories or metallurgical testing techniques.

Metallurgical testwork and associated analytical procedures were appropriate to the mineralization type, appropriate to establish the optimal processing routes, and were performed using samples that are typical of the mineralization style.

Testwork completed since 2019 at Borden, Hoyle Pond and Pamour evaluated head chemical analysis, mineralogical analysis, comminution parameters (semi-autogenous grind (SAG) mill comminution tests (SMC), Bond ball mill work index (BWi), Bond rod mill work index (RWi), abrasion index (Ai), hardness index (HIT), breakage resistance (A*b), generation of grind establishment curves), Knelson gravity separation (at 850 µm), cyanidation leach testwork (at 120, 130 or 140 µm), and single-stage gravity-recoverable gold testwork in support of assessments of process amenability to the material tested and amenability of the material to blending. Results generally indicated that the mineralization tested was amenable to the parameters and equipment used in the Dome process plant.

Environmental characterization testwork was completed on Pamour mineralization to evaluated acid generating potential and metal leachability. No samples were found to have a high mobility of hazardous metals, and none would be designated as hazardous waste if disposed of in a landfill.

Samples selected for testing were representative of the various types and styles of mineralization to be tested. Samples were selected from a range of depths within the deposits. Sufficient samples were taken so that tests were performed on sufficient sample mass.

Recovery factors estimated for Borden, Hoyle Pond, and Pamour are based on appropriate metallurgical testwork, and are appropriate to the mineralization types and the selected process route. Recoveries vary by deposit, and are forecast to be 92.6% at Borden, 95.4% at Hoyle Pond, and 91.0% at Pamour. No testwork reports were available for Dome, and the recovery forecast of 94.3% at Dome is based on plant recovery data from 2003. As a result, the Dome Mineral Resource estimate should be restricted to Inferred until additional information is available.

There are no deleterious elements known that would affect process activities or metallurgical recoveries.

Mineral Resource Estimation

Mineral Resources are estimated for Borden and Hoyle Pond, assuming underground mining methods, and Dome and Pamour assuming open pit mining methods.

Borden

The estimate was completed using commercially-available software.

The geological framework includes 15 grouped geological units, seven fault blocks that define the mining zones, and a major quartz vein domain constraining the mineralization. The quartz vein domains and surrounding lithologies were treated as a hard boundary while the sub-domains within the quartz vein domain were treated as soft boundaries. A nominal compositing length of 1 m was used. An average specific gravity value by lithology type inside or outside the quartz vein domain was assigned to the block model. Capping was applied to composited values. Variograms were calculated for estimation domains.

All domains were estimated using ordinary kriging. All block estimates were completed into the 3 x 3 x 3 m model parent cell. The gold grade estimate was completed using two estimation passes. The first pass was estimated using ranges of 110–440 m depending on domain, with a minimum of 10 samples and a maximum of 24 samples per estimate as well as a limit of five samples per drill hole. In the second pass estimation, search ranges were from 220–880 m, depending on domain, with a minimum of six samples, maximum of 24 samples, and a limit of five samples per drill hole.

Model validation included visual inspection, swath plots, and global bias checks. No material biases or issues were noted as a result of the validation undertaken.

Measured, Indicated and Inferred confidence categories were assigned using drill spacing criteria:

- Measured: drill holes within 12 m;
- Indicated: drill holes within 25 m;
- Inferred: drill holes within 50 m.

A Deswik stope optimizer was run to determine potentially mineable shapes assuming mining will be via longhole stoping methods. Inputs to the shapes included a gold price of US$2,000/oz Au, mining costs of US$120.08/t processed, process costs of US$18.30/t processed, general and administrative costs of US$31.58/t processed, variable metallurgical recoveries by mining zone ranging from 81.08–93.64%, refining costs of US$0.98/oz Au, dilution percentages that vary by mining zone, ranging from 18–25%, and a 4.6% royalty. Mineral Resources are reported at varying cut-off grades by mining zone, ranging from 3.3–4.2 g/t Au.

Dome

The estimate was completed using commercially-available software.

The geological framework consists of 19 lithologies that were used for the definition of estimation domains, to constrain grade simulations, and specific gravity coding. Primarily hard contacts were used between lithological domains with a few exceptions. Assays were composited to 3 m (10 ft) corresponding with twice the dominant sampling length of 1.5 m (5 ft). Specific gravity was assigned directly to the simulation nodes prior to regularization to selective mining unit scale blocks by lithology.

The QP identified a bias in the low-grade portion of pre-1990 drilling campaigns. To facilitate improved estimation, the QP performed spatial imputation of the low-grade portion of the distributions for each domain. All historical core hole data were simulated from the existing assays (imputed) at low grades to prevent the introduction of a strong positive bias in the model. This imputation procedure provided an unbiased basis for the resource model and validated across data eras, as well as against blast hole models.

Grades were capped, with more conservative capping grades used in waste domains. Pairwise relative experimental variograms were calculated for each estimation domain.

Grades were simulated onto grid nodes spaced at 10 ft3, generating high-resolution models that characterize representative point (composite) scale variability. The nodes were then averaged within 30 ft3 (0.85 m3) selective mining unit scale blocks, implicitly capturing change of support. Localised conditional simulation was used for the estimation of block grades.

Validation of the localised conditional simulation estimation was compared against ordinary kriged and nearest neighbour check estimates. Other validation included visual inspection, global mean comparisons, swath plots, comparison of histograms and grade-tonnage curves, and block value comparisons. No significant errors or concerns were identified during the validation process.

Confidence classifications were based on drill spacing studies:

- Indicated Mineral Resources: at a drill hole spacing ≤30 m (≤100 ft), grade estimates of nominal annual production volumes will be within 15% of predicted with a 90% probability or higher;

- Inferred Mineral Resources: at a drill hole spacing of ≤69 m (≤225 ft), grade estimates of nominal annual production volumes will be within 30% of predicted with a 90% probability or higher.

While areas in the model qualified for the Indicated category based on the drill spacing, given the uncertainty in the precise location of mined-out areas, various other factors related to the quality of the pre-1990 data, and input from process specialists regarding metallurgical recovery assumptions, only Inferred Mineral Resources were classified.

Mineral Resource for Dome have been reported considering an open pit mining method and an assumed 20,000 t/d milling scenario. The optimization parameters used a long-term gold price of US$2,000/oz with a 91% metallurgical recovery based on historical records and numerous metallurgical studies completed on the Dome mineralization. A 45º slope angle was used with consideration for past geotechnical studies, which recommended angles ranging between 40–51º, depending on the slope sector. Mineral Resources have been reported inside the pit shell at a cut-off grade of 0.40 g/t Au.

Hoyle Pond

The estimate was completed using commercially-available software.

The geological framework includes nine lithology models, fault and diabase dyke models, and five major vein set models. Geostatistical domains were defined based on the geometric similarities of different structures across various areas and the spatial relationships between the veins in the geological model. A 1 m composite run length composite was used for S- and Middle-veins. A nominal compositing length of 0.5 m was used for the XMS veins. Capping was applied to the composites at the time of grade estimation. Lithology was used as the basis for coding specific gravity values and a fixed value was applied to each lithology group. Variograms were calculated for estimation domains.

Most geostatistical domains were estimated using ordinary kriging, except for domains with sparse data, which were estimated using an inverse distance weighting approach. For the S-vein system, estimation involved two passes, requiring a minimum of 10 samples in the first pass. In contrast, the Middle vein system used three passes, with a minimum of eight samples for the first pass. Three passes were required to estimate the main XMS material. A minimum of eight samples were required for pass 1, dropping to six samples in pass 2, and three samples in pass 3. The search ellipsoid was doubled for each pass. The grade cap used in pass 1 was 400 g/t Au and was lowered to 300 g/t Au for passes 2 and 3. All other veins and buffers were estimated using one pass. Material outside the veins and buffers was not estimated.

Model validation included visual inspection, swath plots, global bias checks, and a reconciliation check of model performance against production. No material biases or issues were noted as a result of the validation undertaken.

Until the end of 2023, Measured, Indicated and Inferred confidence categories were assigned to the S, Middle and XMS resource models classified using drill spacing criteria: Measured: drill hole within 12.5 m; Indicated: drill hole within 25 m; and Inferred: drill hole within 50 m.

As production has been decreasing since the drill spacing study supporting the classification was completed, a decision was made for the current Mineral Resource estimate in this Report to downgrade all Measured material to Indicated to reflect the impact of a lower production rate on the drill spacing.

A Deswik stope optimizer was run to determine potentially mineable shapes assuming the use of longitudinal long-hole retreat or underhand cut-and-fill mining methods. Input parameters to stope designs included a gold price of US$2,000/oz Au, mining costs of US$371.55/t processed assuming longitudinal long-hole retreat methods and US$277.33/t processed assuming underhand cut-and-fill methods, process costs of US$45.01/t processed, general and administrative costs of US$47.05/t processed, average 94.3% metallurgical recovery, variable dilution based on mining zone ranging from 12–194%, refining costs of US$0.98/oz Au, and royalty of 8%. The Mineral Resource estimate is reported at a cut-off grade of 12.3 g/t Au in the stopes assumed to be mined using longitudinal long-hole retreat methods and 6.05 g/t Au in the stopes assumed to be mined using underhand cut-and-fill.

Pamour

The estimate was completed using commercially-available software.

The geological framework includes 11 lithology groups, a fault model, and lithology-based mineralization domains created using mineralization types. A hard boundary was used between the Conglomerate unit and adjacent Timiskaming sedimentary lithologies. A 1.5 m composite was selected for estimation purposes. Capping was applied to the composites at the time of grade estimation, and varied by lithological domain. Specific gravity values were assigned as a fixed value for each lithology. Variograms were calculated for estimation domains.

Domains were estimated using ordinary kriging and three successive passes that were primarily aligned with the variogram model orientation:

- Pass 1: estimated within 50% of the variogram range using a minimum of 10 composites with a maximum of six composites from any one drill hole;

- Pass 2: estimated within the variogram range using a minimum of eight composites with a maximum of five composites per drill hole;
- Pass 3: estimated within 200% of the variogram range using at least six composites with a maximum of four composites per drill hole.

The blocks were flagged with a lithology field derived from the supplied geology wireframes, as well as the percentage volume of the block that falls within the supplied mining voids. Additionally, the block model was coded with the percentage of the block occurring below the topographic surface. To account for the mining voids resulting from historical underground mining operations, the percentage block volume falling within mined out regions was used to re-calculate grade and specific gravity for each block intersecting a void.

Model validation included visual inspection, swath plots, and global bias checks. No material biases or issues were noted as a result of the validation undertaken.

Confidence classifications were based on drill hole spacing:

- Indicated Mineral Resources: the block has an effective drill hole spacing of ≤30 m;
- Inferred Mineral Resources: the block has an effective drill hole spacing of ≤60 m.k

Indicated blocks with >10% of their volume within a void were downgraded to Inferred.

Mineralization was constrained within a conceptual pit shell. The pit parameters used a gold price of US$2,000/oz Au, mining costs of US$5.50/t processed, process costs of US$23.70/t processed, general and administrative costs of US$10.50/t processed, average 91% metallurgical recovery, refining costs of US$0.98/oz Au, and pit slope angles of 25º in overburden and 45º in rock. Mineral Resources are reported above a 0.53 g/t Au cut-off.

Mineral Resource Statement

Mineral Resources are reported in situ using the 2014 CIM Definition Standards. The estimates have an effective date of 3 December, 2024.

The Qualified Person for the Borden, Hoyle Pond, and Pamour estimates in Table 1-1, Table 1-3, and Table 1-4 is Mr. Eric Kallio, P.Geo., who is an independent consulting geologist. The Qualified Person for the Dome estimate in Table 1-2 is Dr. Ryan Barnett, P.Geo., an employee of Resource Modeling Solutions Ltd.

Table 1-1: Mineral Resource Estimate, Borden

Deposit	Classification	Tonnage (kt)	Grade (g/t Au)	Contained Metal (koz)
Borden	Measured	1,471	6.17	292
	Indicated	2,274	6.15	449
	Measured and Indicated	***3,745***	***6.16***	***741***
	Inferred	1,372	5.22	230

Notes to accompany Borden Mineral Resource estimate:

(1) Mineral Resources are reported insitu, using the 2014 CIM Definition Standards. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

(2) Mineral Resources have an effective date of 3 December, 2024. The Qualified Person for the estimate is Mr. Eric Kallio, P.Geo., an independent Qualified Person.

(3) Mineral Resources that are considered amenable to underground mining methods are constrained within conceptual mineable shapes that use the following input parameters: gold price of US$2,000/oz Au, mining costs of US$120.08/t mined, process costs of US$18.30/t processed, general and administrative costs of US$31.58/t processed, variable metallurgical recoveries by mining zone ranging from 81.08–

93.64%, refining costs of US$0.98/oz Au, dilution percentages that vary by mining zone, ranging from 18–25%, and a 4.6% royalty. Mineral Resources are reported at varying cut-off grades by mining zone, ranging from 3.30–4.20 g/t Au.

(4) Estimates have been rounded.

(5) This table is not additive to Table 1-5.

Table 1-2: Mineral Resource Estimate, Dome

Deposit	Classification	Tonnage (kt)	Grade (g/t Au)	Contained Metal (koz)
Dome	Measured	—	—	—
	Indicated	—	—	—
	Measured and Indicated	—	—	—
	Inferred	229,284	1.49	10,978

Notes to accompany Dome Mineral Resource estimate:

(1) Mineral Resources are reported insitu, using the 2014 CIM Definition Standards. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

(2) Mineral Resources have an effective date of 3 December, 2024. The Qualified Person for the estimate is Dr. Ryan Barnett, P.Geo., an employee of Resource Modeling Solutions Ltd.

(3) Mineral Resources that are considered amenable to open pit mining methods are constrained within a pit shell that uses the following input parameters: gold price of US$2,000/oz Au, mining costs of US$3.86/t mined, process costs of US$18.74/t processed, general and administrative costs of US$3.86/t processed, average 91% metallurgical recovery, refining costs of US$0.94/oz Au, and pit slope angles of 45º. Mineral Resources are reported above a 0.40 g/t Au cut-off.

(4) Estimates have been rounded.

(5) This table is not additive to Table 1-5.

Table 1-3: Mineral Resource Estimate, Hoyle Pond

Deposit	Classification	Location	Tonnage (kt)	Grade (g/t Au)	Contained Metal (koz)
Hoyle Pond	Measured		—	—	—
	Indicated	Stopes	1,098	13.12	463
		Development	69	9.38	21
	Measured and Indicated	***Stopes + development***	*1,167*	*12.90*	*484*
	Inferred	Stopes	569	15.24	279
		Development	10	14.93	5
	Inferred	***Stopes + development***	*578*	*15.24*	*283*

Notes to accompany Hoyle Pond Mineral Resource estimate:

(1) Mineral Resources are reported insitu, using the 2014 CIM Definition Standards. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

(2) Mineral Resources have an effective date of 3 December, 2024. The Qualified Person for the estimate is Mr. Eric Kallio, P.Geo., an independent Qualified Person.

(3) Mineral Resources that are considered amenable to underground mining methods are constrained within conceptual stope designs that use the following input parameters: gold price of US$2,000/oz Au, mining costs of US$371.55/t mined assuming longitudinal long-hole retreat methods and US$277.33/t mined assuming underhand cut-and-fill methods, process costs of US$45.01/t processed, general and administrative costs of US$47.05/t processed, average 94.3% metallurgical recovery, refining costs of US$0.98/oz Au, dilution percentages that vary by zone and mining method, ranging from 12–194%, and royalty of 8.0%. The Mineral Resource estimate is reported at a cut-off grade of 12.3 g/t Au in the stopes assumed to be mined using longitudinal long-hole retreat methods and 6.05 g/t Au in the stopes assumed to be mined using underhand cut-and-fill.

(4) Estimates have been rounded.

(5) This table is not additive to Table 1-5.

Table 1-4: Mineral Resource Estimate, Pamour

Deposit	Classification	Tonnage (kt)	Grade (g/t Au)	Contained Metal (koz)
Pamour	Measured	—	—	—
	Indicated	64,755	1.30	2,704
	Measured and Indicated	***64,755***	***1.30***	***2,704***
	Inferred	23,264	1.34	1,002

Notes to accompany Pamour Mineral Resource estimate:

(1) Mineral Resources are reported insitu, using the 2014 CIM Definition Standards. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
(2) Mineral Resources have an effective date of 3 December, 2024. The Qualified Person for the estimate is Mr. Eric Kallio, P.Geo., an independent Qualified Person.
(3) Mineral Resources that are considered amenable to open pit mining methods are constrained within a pit shell that uses the following input parameters: gold price of US$2,000/oz Au, mining costs of US$5.50/t mined, process costs of US$23.70/t processed, general and administrative costs of US$10.47/t processed, average 91% metallurgical recovery, refining costs of US$0.94/oz Au, and pit slope angles of 25º in overburden and 45º in rock. Mineral Resources are reported above a 0.53 g/t Au cut-off.
(4) Estimates have been rounded.
(5) This table is not additive to Table 1-5.

Table 1-5: Mineral Resource Summary Table

Classification	Tonnage (kt)	Grade (g/t Au)	Contained Metal (koz)
Measured	1,471	6.17	292.0
Indicated	68,196	1.66	3,640.0
Measured and Indicated	***69,667***	***1.76***	***3,931.9***
Inferred	254,499	1.53	12,493.5

Notes to accompany combined Mineral Resource estimate:

(1) Mineral Resources are reported insitu, using the 2014 CIM Definition Standards. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
(2) Mineral Resources have an effective date of 3 December, 2024. The Qualified Person for the Borden, Hoyle Pond and Pamour estimates is Mr. Eric Kallio, P.Geo., an independent Qualified Person. The Qualified Person for the Dome estimate is Dr. Ryan Barnett, P.Geo., an employee of Resource Modeling Solutions Ltd.
(3) Mineral Resources that are considered amenable to underground mining methods at Borden are constrained within conceptual mineable shapes that use the following input parameters: gold price of US$2,000/oz Au, mining costs of US$120.08/t mined, process costs of US$18.30/t processed, general and administrative costs of US$31.58/t processed, variable metallurgical recoveries by mining zone ranging from 81.08–93.64%, refining costs of US$0.98/oz Au, dilution percentages that vary by mining zone, ranging from 18–25%, and a 4.6% royalty. Mineral Resources are reported at varying cut-off grades by mining zone, ranging from 3.3–4.2 g/t Au.
(4) Mineral Resources that are considered amenable to open pit mining methods at Dome are constrained within a pit shell that uses the following input parameters: gold price of US$2,000/oz Au, mining costs of US$3.85/t mined, process costs of US$18.75/t processed, general and administrative costs of US$3.86/t processed, average 91% metallurgical recovery, refining costs of US$0.94/oz Au, and pit slope angles of 45º. Mineral Resources are reported above a 0.40 g/t Au cut-off.
(5) Mineral Resources that are considered amenable to underground mining methods at Hoyle Pond are constrained within conceptual stope designs that use the following input parameters: gold price of US$2,000/oz Au, mining costs of US$371.55/t mined assuming longitudinal long-hole retreat methods and US$277.33/t mined assuming underhand cut-and-fill methods, process costs of US$45.01/t processed, general and administrative costs of US$47.05/t processed, average 94.3% metallurgical recovery, refining costs of US$0.98/oz Au, dilution percentages that vary by zone and mining method, ranging from 12–194%, and a royalty of 8.0%. The Mineral Resource estimate is reported at a cut-off grade of 12.3 g/t Au in the stopes assumed to be mined using longitudinal long-hole retreat methods and 6.05 g/t Au in the stopes assumed to be mined using underhand cut-and-fill.
(6) Mineral Resources that are considered amenable to open pit mining methods at Pamour are constrained within a pit shell that uses the following input parameters: gold price of US$2,000/oz Au, mining costs of US$5.50/t mined, process costs of US$23.70/t processed, general

and administrative costs of US$10.47/t processed, average 91% metallurgical recovery, refining costs of US$0.94/oz Au, and pit slope angles of 25º in overburden and 45º in rock. Mineral Resources are reported above a 0.53 g/t Au cut-off.

(7) Estimates have been rounded. Grades and contained metal content are presented as weighted averages.

(8) This table is not additive to any of Table 1-1, Table 1-2, Table 1-3, or Table 1-4.

Factors that may affect the Mineral Resource estimates include: metal price and exchange rate assumptions; changes to the assumptions used to generate the gold grade cut-off grade; changes in local interpretations of mineralization geometry and continuity of mineralized zones; changes to geological and mineralization shapes, and geological and grade continuity assumptions; changes to assumptions as to locations of historical voids and their impacts on estimation and confidence classifications; specific gravity and domain assignments; changes to geotechnical, mining, mining dilution, and metallurgical recovery assumptions; changes to the input and design parameter assumptions that pertain to the conceptual pits constraining the Pamour and Dome estimates; changes to the input and design parameter assumptions that pertain to the conceptual stope shapes constraining the Borden and Hoyle Pond estimates; and assumptions as to the continued ability to access the site, retain or obtain mineral and surface rights titles, maintain or obtain environment and other regulatory permits, and maintain or obtain the social license to operate.

Mining Methods

The 2024 PEA mine plan is partly based on Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be classified as Mineral Reserves, and there is no certainty that the 2024 PEA based on these Mineral Resources will be realized.

The 2024 PEA mine plan assumed conventional underground and open pit operations, and the use of conventional equipment. Production included in the 2024 PEA comes from the Borden, Hoyle Pond and Pamour mines. The proposed total mine life will be 22 years, from 2025–2047. Hoyle Pond underground mine will operate from 2025–2035, Borden underground mine from 2025-2033 and Pamour open-pit mine from 2025–2046. Stockpiled material from Pamour will be rehandled in 2047 to the process plant. No production is assumed from Dome. The 2024 PEA is based on the sub-set of the Mineral Resource estimate in Table 1-6. The production forecast used in the 2024 PEA is displayed in Figure 1-1.

Mill feed from all operations will be hauled to the Dome process plant via on-road trucks from the Borden mine and mine trucks from the Pamour and Hoyle Pond mines.

Borden

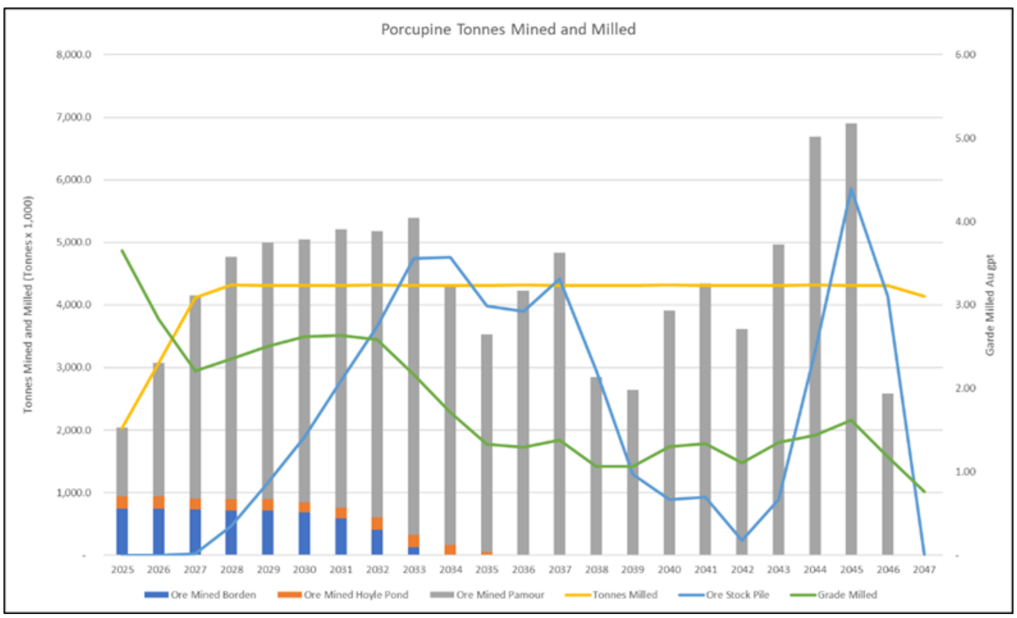
The Borden deposit is accessed via a main ramp from surface. There will be six mining zones, accessed using 15 m-spaced mining levels. Each zone has a central access. Secondary egress is via the fresh air raise. The overall mining sequence in each zone is a bottom-up retreat towards the central access in a chevron pattern.

Table 1-6: Subset of Mineral Resource Estimate in 2024 PEA Mine Plan

Deposit	Classification	Tonnage (kt)	Grade (g/t)	Contained Metal (koz)
Borden	Measured	1,471	6.17	292
	Indicated	2,274	6.15	449
	Sub-total Measured + Indicated	3,745	6.16	741
	Inferred	1,372	5.22	230
Hoyle Pond	Measured	—	—	—
	Indicated	1,167	12.90	484
	Sub-total Measured + Indicated	1,167	12.90	484
	Inferred	578	15.24	283
Pamour	Measured	—	—	—
	Indicated	64,755	1.30	2,704
	Sub-total Measured + Indicated	64,755	1.30	2,704
	Inferred	23,264	1.34	1,002

Note: Footnotes to Table 1-1, Table 1-3 and Table 1-4 also apply to this table. The Qualified Person for the subset of the Mineral Resource estimate used in the 2024 PEA mine plan is Mr. Pierre Rocque, P.Eng., Rocque Engineering Inc. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Estimates have been rounded. This table is not additive to Table 1-1, Table 1-3, Table 1-4, or Table 1-5.

Figure 1-1: 2024 PEA LOM Production Schedule



Note: Figure prepared by Discovery Silver, 2024.

Longitudinal long-hole retreat stoping method with primarily unconsolidated rock fill or cemented rock fill is the only method in place at Borden. The planned throughput is approximately 2,000 t/d. Waste generated at the mine is used in the backfill process, mostly as loose rockfill; however, the backfill material must be trucked from Dome, since there is no waste backfill materials on site anymore.

Rock mass classification ranges from Fair to Good. Geomechanical domaining is divided between an East and West domains, based on drill hole logging results. Ground support requirements are based on semi-empirical methods and consist of rebars and friction bolts. Crown pillar stability was assessed in 2017 with no potential issues identified. A comprehensive Ground Control Management Plan is in place.

A maximum material movement of approximately 3,200 t/d is scheduled in the 2024 PEA, with a maximum of two stope mucking activities with truck load-out at any one time. There is a mix of Owner and contractor diesel and battery-electric equipment. Load–haul–dump vehicles load the stoping and development material into a 40 t haulage truck, which transports the material to a designated location on surface where it is subsequently loaded into a surface road haulage truck.

The mill feed material hauled to the Dome process plant via Highway 101 over a distance of approximately 190 km. This activity is performed by an external contractor who is under contract until June 2029. The current equipment fleet is sufficient for the 2024 PEA LOM plan.

Fresh air is pulled from surface down a fresh air raise to the second ramp on 255L. Return air exhausts via the internal ramps to the main ramp to the surface portal. To support future production, a new return air raise reaching surface will be required. Studies are underway to finalize the design and location in 2025. Once the planned return air raise is completed, the system will become "pull-push".

Backfill material is mostly waste rock, with some stopes requiring cemented rockfill.

Intersected faults have resulted in localized damp or dripping conditions underground but there are no indications of water inflow under pressure.

Hoyle Pond

Surface access is provided by two ramps (the Hoyle Pond ramp and the 1060 Zone ramp) and by #1 Shaft (8.5 m by 2.4 m) in combination with #2 Winze (5.5 m diameter concrete-lined). The two ramps connect at the 200L mine horizon. Main levels are spaced 24 to 40 m, with sub-levels spaced between 12 to 20 m apart (vertically, floor to floor). Future sub-levels are planned at 18 m spacing. The current development plan extends down to 2290L for the S Zone and 1840L for the XMS Zone.

Two mining methods are used at Hoyle Pond: longitudinal long-hole retreat stoping above 1900L and underhand cut and fill, mainly for the S-vein below 1900L. Main haulage levels are typically driven at 60 m intervals.

Measurements of rock strength, RQD, structural joint set and foliation form the basis of rock mass classification. Currently, both RMR89 (60-70) and Q' (20-10) systems are used. Geomechanical domaining is mining zone-based with consideration for rock type and primary structural controls. Ground support requirements are based on semi-empirical methods, and typically consist of resin rebar rock bolts, and Swellex bolts where required. A comprehensive Ground Control Management Plan is in place.

The material handling system capacity is approximately 2,200 t/d. Blasted muck is hauled up the ramp and dumped either on 1330L or 1600L, where rock breakers are located. Muck is then loaded into 12 t skips on the 1670L loading pocket (#2 Winze) through a conveyor. The muck is skipped to 720L at a 190 t/h hoisting rate and trammed across to #1 Shaft via 8 t cars, where it is hoisted to surface in 8 t skips at a 140 t/h skipping rate. Surface trucks haul the mineralization to the Dome process plant, located approximately 17 km from the mine. The current equipment fleet is sufficient for the 2024 PEA LOM plan.

A ventilation expansion below 1900L was completed at the end of 2023. An extension is planned from 1900L down to 2080L in the S Zone with additional ventilation and egress raises. Approximately 250 m3/s flows to the mine and booster fans located near the 900L assist in flow redistribution.

Backfill is supplied via a surface paste fill plant.

No significant water inflow zones have been intersected at depth in the mine.

Pamour

The proposed Pamour open pit will use conventional open pit mining methods and a truck-and-shovel operation. Two 6030 Cat shovels will be used as the main loading units with 993 and 992 loaders for additional support in loading activities. Mill feed material will be loaded into 785 Cat haul trucks (136 t) and transported to the Dome process plant, located 13 km from Pamour. Waste will be transported to either a waste rock storage facility (WRSF) or to a separate overburden pile.

Haul roads were designed at a width of 33.2 m. The maximum grade of the haul roads will be 10%, except for the lower benches where the grade was increased to 12% and the ramp width was narrowed to 20.75 m to minimize waste stripping.

For the 2024 PEA, all slopes were designed using a 52° inter-ramp slope angle for bedrock and 25° for overburden slopes.

A low-grade stockpile is planned during years when mine production will allow mining rates beyond the mill capacity. The low-grade stockpile will be used to supplement mill feed during high stripping periods of the pit phases. Grades >1.0 g/t Au will be fed directly to the process plant and material grading 0.53–1.0 g/t Au will be hauled to the stockpile.

Blocks near voids were diluted to account for the percentage of the block that had been mined-out from the historic underground mining. For the 2024 PEA mine plan, no further external dilution was applied to the Pamour mine schedule.

Benches will be blasted and mined on 9 m levels. Buffer rows and pre-shear are planned for controlled blasting and minimize damage to the highwalls.

In order to dewater the Pamour open pit, a new water treatment plant was completed at the end of 2022 and began discharging in 2023. Pit dewatering rates were modelled using a GoldSim model.

WRSFs were designed to minimize surface disturbance and backfill mined-out pits where future mining is not anticipated. The West and Northwest WRSFs cover historical tailings storage facilities and will require permitting approval for their construction.

A new fleet of production equipment has already been purchased for the Pamour open pit, including shovels, loaders, drills, dozers, haul trucks and a grader. Equipment from the currently suspended Hollinger operations that are assessed as in "good" or "fair" condition are only required as spares and or parts for the new fleet. Two additional shovels, two production drills and seven haul trucks are planned to be purchased in the later years of the mine plan.

Recovery Methods

The process plant is based on a robust metallurgical flowsheet designed for optimum recovery with minimum operating costs. The flowsheet is based upon unit operations that are well proven in industry.

Mining and milling operations at the Dome site date from 1910, with the current process plant built in the early 1980s. The original carbon-in-pulp (CIP) circuit was constructed in 1988 and in 1995, a new crushing circuit, additional leach tanks, a new CIP circuit, and a second grinding line were added. In 2004, the process plant was expanded by adding a rod mill to B Circuit to handle mineralization from the Pamour open pit. Following the 2004 expansion, the plant flowsheet has remained relatively constant.

The Dome process plant consists of a three-stage crushing circuit and two parallel rod mill and ball mill circuits ahead of a single leach and CIP circuit. The plant has a permitted capacity of up to 15,000 t/d, and the 2024 PEA assumes a

12,000 t/d maximum throughput. Operating capacity depends on the proportion of the feed sources but is approximately 3.9 Mt/a at the current feed blend with A circuit able to handle 3,300 t/d and B circuit 7,700 t/d. In the mid-2000s, the plant operated at 4.3 Mt/a with A circuit at 3,360 t/d and B Circuit at 8,400 t/d when processing Hoyle Pond, Pamour, and some Dome stockpile materials. Throughput reduced in 2022 to approximately 3.0 Mt/a due to maintenance issues that began that year.

The process plant operates 24 hours per day, 365 days per year and recovers approximately 92% of the gold in the combined mill feed.

Newmont planned an adjustment to the grinding circuit, which would increase the current P80 of the grinding circuit product from 120 µm to 140 µm due to the hardness of the Pamour open pit material and the comparatively higher crusher work index of this material versus the other mill feed materials. Additional testwork will be completed by Discovery Silver following the anticipated closing of the acquisition to maintain the grind at P80 120 µm or reduce it further to 90 µm to maintain or increase metallurgical recovery. Throughput capacity of the Dome process plant is primarily dependent on the characteristics of the feed blend constituents. Throughput can be impacted through reduced crushing circuit availability caused by the presence of contaminants from the Hollinger open pit reclaim stockpile (e.g. wood, steel, rubber from old underground workings, and blasting mats). A simple power-based throughput model was developed in 2020 and revised in 2023 to estimate the throughput capacity of the two grinding circuits at current and future blends as well as individual mineralization constituents. This model considers the comminution characteristics of each material type and the installed power in the crushing and grinding circuits; this was calibrated, based on observed differences between the two grinding lines. This model was conservative and will be re-analyzed by Discovery Silver following closure of the acquisition.

The main 120 kV power lines feeding the Dome property are owned by Hydro One. Distribution lines and transformer stations are located throughout the property to provide electrical power to various site components. A total of 12 MW is fed to the site.

Water is reclaimed from the tailing impoundment area and returned to the milling circuit as mill water. Water reclaimed from the tailings impoundment area represents approximately all the process water requirements. If additional water is required, fresh water can be used.

Reagents and media used in the process plant include circuit rods, ball mill media, cyanide, flocculant, carbon, lime, caustic, anti-scalant, dust suppressant, oxygen, Calfoam, lead nitrate, and leach-aid.

Project Infrastructure

The major infrastructure required to support operations is built, and operating. Key components are summarized in Table 1-7.

The Hollinger open pit has five associated WRSFs. The waste is not acid-generating. Two facilities are planned for the Pamour open pit. The WRSF capacity planned for Pamour is sufficient for the 2024 PEA LOM plan.

Table 1-7: Key Infrastructure

Mine	Key Infrastructure
Borden	Underground mine with portal and ramp access; low-grade stockpile; mine backfill plant; ventilation and emergency egress; water supply and distribution network, both on surface and between surface and the underground mine; electrical workshop; maintenance workshop; warehouse; administrative buildings for operational management, safety and training facilities, and logistics support; fuel offloading and surface storage facilities; exploration and core analysis facilities; laydown and storage area; surface water management systems, including a surface water pond for underground dewatering; 6 km long, 25 kV power distribution line from a transformer station near Chapleau, connecting to Hydro One transmission lines through a 115 kV transmission line.

Mine	Key Infrastructure
Dome	Open pit mine (historical); underground mine with No. 8 shaft (decommissioned; used for ventilation); power supply infrastructure, with power transformers and site wide power distribution; workshop and maintenance buildings; warehouse; administration building; site access roads for light vehicles and haul roads for ore delivery to the dome mill from various operations from Porcupine Complex; assay laboratory; security gatehouse; processing facilities; fuel storage and dispensing facilities; administrative buildings and facilities; exploration facilities, including core shack; surface water collection and management systems.
Hoyle Pond	Underground mine with two decline ramps and one four compartment shaft; mine backfill plant; ventilation and emergency egress; waste stockpile; mine offices; outdoor laydown area
Pamour	Open pit; four WRSFs; administrative buildings; dewatering wells; water treatment plant and plant discharge points

There is one active tailings storage facility (TSF), the No. 6 Tailings Area, located south of the Dome Mill. The facility has sufficient capacity to 2038, and will store an estimated 176 Mt of tailings. Post 2038, production will require tailings construction that has been conceptualized for future deposition. An area for the proposed facility has been identified and study work has begun.

Containment structures include the North Dam, East Dams, South Dam, South Dam Extension, West Dam and Emergency Spillway. To support additional tailings from the processing of Pamour material the No. 6 Tailings Area perimeter dams will be raised and buttressed.

The free contact water pond from within the No. 6 Tailings Area will be transitioned away from the North Dam towards the centre of the No. 6 Tailings Area. Installed monitoring systems include: vibrating wire piezometers, Shape Acceleration Arrays (real-time data acquisition), pneumatic piezometers (monthly), inclinometers (real-time), monitoring wells (quarterly), and bathymetric surveys (semi-annually).

Surveillance inspections are performed five times daily. Newmont commissioned a number of recent TSF reviews, with no significant issues noted.

Process water is primarily sourced from the TSF. Water for gland make-up is taken from Porcupine Lake, and the lake can be used as a back up supply if needed. Water ponds provide water for mining uses such as dust suppression. Potable and shower/sanitary water is provided, depending on the operations as bottled water, from wells, or from the City of Timmins water supply.

Contact water management includes ponds, sediment ponds, former TSFs, and engineered collection ditches.

There are no accommodations camps associated with the operations. Employees and contractors reside or are accommodated in towns immediately adjacent the operations or in other regional centres.

Power is sourced from the provincial grid. The current average daily demand at Borden is 5.7 MW. The current average daily demand at Dome is 13 MW and the infrastructure can support a 22 MW average daily demand. Hoyle Pond Underground average daily demand is 11 MW. Pamour average daily demand is an additional 2 MW. Once the Pamour open pit is running, average daily demand is forecast to increase to 3.5–4 MW. There is sufficient capacity for the 2024 PEA LOM plan.

Environmental, Permitting and Social Considerations

Environmental Considerations

The Porcupine Complex comprises a set of operating mines, which, in the Timmins area, have at least 100 years of operating history. Environmental regulations and awareness has progressed significantly from the beginning of the various mining activities. Over time, baseline studies, various improvement and legacy reclamation initiatives, and other activities to ensure compliance as regulatory regimes change were undertaken. As the mine and plant sites have continued to operate, and in some cases, expand, supporting environmental studies were completed to assess site environmental conditions, and to support permit applications and decision-making processes.

The Project area has been subject to extensive baseline, environmental monitoring, and technical studies, as per provincial and federal regulatory requirements. Depending on the deposit, when the survey was conducted, and the permitting regime in place at the time, studies have included topography, physiography, and geology; hydrology and hydrogeology; soil; surface water and groundwater quality; vegetation; wildlife; air quality; noise; threatened, endangered, species at risk; waste rock characterization studies; groundwater modelling; geochemical studies; archaeological and heritage; and First Nations. The survey results, where applicable, supported permit applications for mining operations and continue to support the ongoing mining activities and permit renewals.

Monitoring of various environmental factors is in place, and has generated an extensive environmental dataset that supports site management.

The Porcupine Complex includes one active and a number of inactive/legacy tailings areas. Engineers of Record have been assigned to all Tailings Management Areas, and regular Dam Safety Inspection and Dam Safety Reviews are conducted at the facilities. Results of the inspections and reviews are used to guide the management of the active and inactive facilities. An Independent Tailings Review Board was established for the Porcupine No. 6 Tailings Area (the active Dome mine TSF) in 2020. Observations and recommendations from the Independent Tailings Review Board are assigned a priority and actioned for correction or improvement through the implementation of an action plan. The Porcupine Complex has adopted the Mining Association of Canada Towards Sustainable Mining Standard (MAC TSM) and the Global Industry Standard on Tailings Management (GISTM) and has been implementing requirements of the GISTM on all of its TSFs. The TSFs are in various stages of implementation of the requirements of the standard. Dam safety inspections and reviews at the Report date had not identified any significant issues that would impact the operations or the 2024 PEA LOM plan.

Closure

In Ontario, Closure Plans are regulated under the Ontario Mining Act, and contents of the plan are regulated under Ontario Regulation 35/24 Rehabilitation of Lands. Closure Standards are specified in the Mine Rehabilitation Code of Ontario, most recently updated in April, 2024. The contents of closure plans are standardized in the regulation, and plans must contain specified information.

For the Porcupine Complex, 13 Closure Plans have been filed by the Ministry of Mines. Closure costs as registered by the Ministry of Mines total approximately C$223.4 M, of which about C$178 M is associated with current operations. The Porcupine Complex includes a number of historical mine features and hazards that are not required to have a Closure Plan in place since these mines pre-dated the Ontario mine closure regulations. These sites are considered to be under "Progressive Rehabilitation" under the Ontario Mining Act, and rehabilitation plans are in progress to address their closure.

As part of the proposed Project acquisition from Newmont, Discovery Silver made a commitment to assume the following at closing of the transaction, subject to consent from the Province of Ontario to transfer the financial obligations related to closure plans:

- Newmont's environmental obligations related to existing closure plans, including bonding and letters of credit;
- Liabilities at certain legacy sites that are not included in Newmont's current closure plans;
- Obligations related to ongoing and future mining operations, including those in support of progressive reclamation.

Some legacy mine hazards are not included in the filed closure plans, since they were in place prior to the Mining Act closure regulations promulgation; however progressive rehabilitation plans and programs are in place for these features and costs associated with that work is part of the economic analysis in this Report, and included in the capital cost estimates.

Permitting Considerations

All permits are in place for the activities taking place at the operating sites.

Social Considerations

Newmont has agreements in place with several Indigenous Communities and Metis communities who have treaty and Indigenous rights asserted within the areas in which Newmont Porcupine operates or has legacy sites.

On 20 November, 2024, a statement of claim was filed by the Taykwa Tagamou Nation against the Government of Ontario, including the Ministry of Mines and Ministry of the Environment, which alleges, among other things, that the Government of Ontario failed to adequately consult the Taykwa Tagamou Nation regarding certain permits issued with respect to the Pamour Mine. Newmont and Goldcorp Canada Ltd. were named as defendants in this action. The Government of Ontario has filed its Notice of Intention to Defend as of November 22, 2024, and Newmont filed their Notice of Intention to Defend as of January 15, 2025.

Porcupine Complex personnel undertake ongoing discussions and consultation with regulatory authorities, as required, in preparation for permit applications, as well as with respect to compliance management and required regulatory reporting.

Markets and Contracts

No market studies are currently relevant as the Porcupine Complex is operating, and it is producing a readily saleable commodity in the form of doré, with the principal commodity being gold.

Commodity prices used in Mineral Resource estimates and in the PEA economic analysis are set by Discovery Silver corporately. The gold price provided for Mineral Resource estimation is US$2,000/oz Au. The 2024 PEA financial model uses a reverting price curve from 2025 to long-term pricing in 2028, ranging from US$2,576/oz Au in 2025 to US$2,150/oz Au in 2028 and thereafter. Pricing is based on CIBC consensus forecasts.

Major contracts include fuel supply, mine blasting materials and services, heavy equipment supply and rental, transportation services, reagent and consumables, electric power, property security, and surface haulage and contract mining (Borden). Contracts are negotiated and renewed as needed, and currently all material contracts are in place to support the operation. Contract terms are within industry norms, and typical of similar contracts in Ontario that Discovery Silver is familiar with.

Cost Estimates

Unless otherwise noted, the costs are stated in US dollars (US$ or USD), with no allowance for escalation or exchange rate fluctuations.

The cost estimates are reported at a Class 5 classification as set out by AACE International, and are deemed appropriate. Class 5 estimates have a typical variation in low and high ranges at an 80% confidence interval of:

- Low: -20% to -50%;
- High: +30% to +100%.

Capital Cost Estimates

The capital cost estimate consists of various categories:

- Exploration and growth capital: investments specifically to support Mineral Resource additions;
- Development and expansion capital: investments into new infrastructure or plant that would be additional to existing operation;
- Sustaining capital: spending to keep existing assets operating as they are;
- Closure and reclamation capital: spending to close and rehabilitate impacted areas by the operation at the end of the operating life.

Most capital costs in this Report originate from the near-term plans (budgets) and LOM plans prepared by Newmont. A detailed and thorough review and validation process of these estimates took place as part of the multi-step due diligence process by Discovery Silver.

Actual performance cost data were either confirmed as valid, or were adjusted to reflect adjustments to the intended LOM scope and the most current market conditions. The cost estimates were developed using Q3 2024 US dollars.

All capital cost estimates included labor costs appropriate for the scope, taking into consideration the actual track record of productivity and wages locally. The site currently has about 730 employees, and 330 contractors. In terms of hourly versus salaried employees, the split is approximate 40% salaried, and 60% hourly.

Given the different sources and timelines for costs in the estimate, various levels of contingency were applied, ranging from 10–15% for sustaining capital to 25% for long-term development projects.

Table 1-8 summarizes the estimated mine capital costs by mine and reflects the mining method as either an open pit or underground. Exploration capital is estimated at US$93 M. Process costs are summarized in Table 1-9.

General and administrative costs are fully accounted for and presented in the operating cost section. The site currently spends approximately US$34M per year on general and administrative items, and this level of spending is expected to continue. There is no further consideration for general and administrative expenditures in the capital cost estimates. Closure cost estimates are provided in Table 1-10. The LOM capital costs are summarized in Table 1-11 as a LOM total. Capital cost estimates, inclusive of closure and reclamation costs, over the LOM total US$2,385 M.

Operating Cost Estimates

Since the Porcupine Complex is in production, there is a robust database of historical cost data from operations. These data were reviewed and validated in detail by Discovery Silver during the due diligence process. While long term historical information is considered to be indicative rather than currently accurate, the actual costs achieved over the past 12 months are the most relevant in forecasting operating costs.

Mining cost estimates are based on assumed underground mining operations at Hoyle Pond and Borden, and open pit operations at Pamour. In general, the mining costs presented are inclusive of all the normal mining task such as drilling, blasting, loading, hauling and support. Mining operating costs (unit rates and annual spends) are not constant over time due to variations in the mine plans.

Process operating costs are inclusive of power, reagents, consumables, maintenance, labor, mobile equipment, laboratory services and general support services. The process operating cost consists of fixed costs (common to all deposit sources) and variable costs that are specific to each mineralization source. Therefore, the total operating cost for each source is the sum of the fixed and their variable costs.

Infrastructure operating costs not estimated separately. All operating costs related to infrastructure are allocated to either the process plant or each mining operation. The general and administrative operating costs are for the most part fixed cost in terms of the amount spent per year. The current operation spends approximately US$34M per year in general and administrative costs. It is expected that this level of spending will continue for the remainder of the LOM.

Total general and administrative costs are estimated at US$771 M. The unit cost averages approximately US$8.09/t processed.

Table 1-8: Forecast Mine Capital Costs

Mine/Deposit	LOM (US$ M)	Forecast End Mining LOM (year)
Borden	147	2033
Hoyle Pond	175	2035
Pamour	546	2047

Table 1-9: Forecast Process Capital Costs

Area	LOM (US$ M)	Forecast End Process LOM (year)
Process	642	2047
General site infrastructure	61	2047

Table 1-10: Forecast Closure and Reclamation Cost Estimate

Area	Forecast Total Cost (US$ M)
Closure and reclamation	722

Table 1-11: Summary, Capital Cost Estimate Forecasts

Capital Cost	Total (US$ M)
Exploration and growth	93
Development	218
Sustaining	1,369
Closure and reclamation	722
Total	**2,385**

A summary of the total operating cost forecast is included in Table 1-12. Operating costs for the 2024 PEA LOM plan total US$5,192 M.

Table 1-12: Summary, Operating Cost Estimates

Operating Cost Category	Total (US$ M)
Mining	2,915
Processing	1,507
General and administrative	770
Total	**5,192**

Economic Analysis

The results of the economic analyses discussed in this section represent forward-looking information as defined under Canadian securities law. The results depend on inputs that are subject to known and unknown risks, uncertainties, and other factors that may cause actual results to differ materially from those presented herein. Information that is forward-looking includes the following:

- Mineral resource estimates;
- Assumptions about commodity prices and exchange rates;
- Proposed mine production plan;
- Projected mining and process recovery rates;
- Assumptions about mining dilution and the ability to mine in areas previously exploited using mining methods as envisaged; the timing and amount of estimated future production;
- Sustaining costs and proposed operating costs;
- Assumptions as to closure costs and closure requirements;
- Assumptions as to environmental, permitting, and social risks.

Additional risks to the forward-looking information include the following:

- Changes to costs of production from what is assumed;
- Unrecognized environmental risks;
- Unanticipated reclamation expenses;
- Unexpected variations in quantity of mineralized material, grade, or recovery rates;
- Accidents, labour disputes, and other risks of the mining industry;
- Geotechnical or hydrogeological conditions during mining being different from what was assumed;
- Failure of mining methods to operate as anticipated;
- Failure of plant, equipment, or processes to operate as anticipated;
- Ability to maintain the social licence to operate;

- Changes to interest rates;
- Changes to tax rates.

The 2024 PEA is preliminary in nature and includes Inferred Mineral Resources that are too speculative geologically to have economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that the preliminary economic assessment will be realized.

The financial model that supports the 2024 PEA is a standalone discounted cash flow model that calculates annual cash flows based on scheduled production, assumed processing recoveries, metal sales prices, C$/US$ exchange rate of 1 CAD = 0.75 USD, projected operating and capital costs, royalties, impact benefit agreement payments, and estimated taxes. The financial analysis is based on an after-tax discount rate of 5%. All costs and prices are in un-escalated "real" Q4 2024 dollars. The currency used to document the cash flow is US dollars. Cash flows are taken to occur at the mid-point of each period. The Project valuation date basis is January 1, 2025. All costs are based on the historical or actual costs from the Porcupine Complex, adjusted for planned work in 2025 and onwards until the end of the mine life in 2047, including the forecast closure and reclamation obligations beyond the mine life. Revenue is calculated from the recoverable metals and yearly metal price forecasts.

The economic analysis is reported on a 100% project ownership basis. Project acquisition costs are considered to be corporate Discovery Silver costs and are not included in the financial evaluation. Transaction royalty payments based on forecast royalty sale as part of acquisition funding are included in the economic analysis. The financial analysis assumes a reverting price curve from US$2,576/oz Au in 2025 to US$2,150/oz Au in 2028 and thereafter.

Project economics were evaluated on a post-tax basis. The tax model was compiled by Discovery Silver and the calculations assume the existing tax regime as of the effective date of this Report. Value-added tax was outside the Project economic evaluation. Taxes applied included the Canadian corporate income tax (Federal and Ontario Income Tax), which consists of a combined 25% income tax, and the Ontario mining tax, which is applied at 10% on production earnings before interest, taxes, and corporate overhead costs. At the assumed metal prices, total payments are estimated to be US$947 M over the proposed LOM.

The Project valuation date basis was January 1, 2025. A discount rate of 5% was used. The after-tax project NPV is US$1,239 M. The economic analysis does not entail initial capital investment prior to the start of production and of cashflow and so there is no internal rate of return or project payback period relevant to the economic analysis presented.

Project forecast economics are summarized in Table 1-13, and illustrated in Figure 1-2 (production forecast) and Figure 1-3 (cashflow forecast).

Sensitivity Analysis

The sensitivity of the Project NPV to changes in head grade, gold price, metallurgical recovery, and capital and operating cost estimates was tested using a range of up to 23% above and below the base case values. Post-tax sensitivity to those items are shown in Figure 1-4.

The Project is most sensitive to changes in the gold price. Changes in metal prices approximately mirror changes in the gold grade and metallurgical recovery. The Project is less sensitive to changes to operating costs and least sensitive to changes in capital costs.

Risks

First Nations

On 20 November, 2024, a statement of claim was filed by the Taykwa Tagamou Nation against the Government of Ontario, including the Ministry of Mines and Ministry of the Environment, which alleges, among other things, that the Government of Ontario failed to adequately consult the Taykwa Tagamou Nation regarding certain permits issued with respect to the Pamour Mine. Newmont and Goldcorp Canada Ltd. were named as defendants in this action. T The Government of Ontario has filed its Notice of Intention to Defend as of November 22, 2024 and Newmont filed their Notice of Intention to Defend as of January 15, 2025.

Mineral Tenure and Royalties

The mineral tenure, surface rights and royalty data for the Porcupine Complex are multifaceted, consisting of tenures over 100 years old, multiple ownership consolidations, and multiple levels of agreements and royalty interest consolidation as a result of changes to the mineral title regime in Ontario. While verification of the status of the critical claims and material royalties was completed for the Mineral Resource estimates and operating mine areas, a detailed verification was not completed for tenures outside these areas.

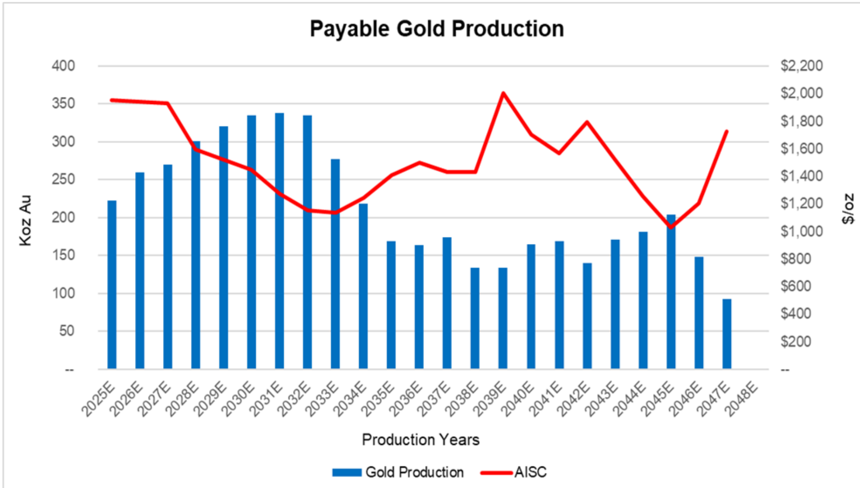
Table 1-13: Cash Flow Summary Table (US$)

Description	Unit	Life-of-Mine Total/Average
General Assumptions		
Gold price (long term)	$/oz	2,150
Discount rate	%	5.0
Production		
Total payable gold	koz	4,919
Operating Costs		
Mining cost, Hoyle Pond	$/t milled	291
Mining cost, Borden	$/t milled	126
Mining cost, Pamour	$/t milled	18.90
Processing cost - average	$/t milled	15.82
Site general and administrative costs	$/t milled	8.09
Cash Costs and All-in Sustaining Costs		
Total cash costs	$/oz Au	1,152
All-in sustaining cost	$/oz Au	1,504
Capital Expenditures		
Development capital	$M	218
Exploration capital	$M	93
Sustaining capital (excl. closure costs)	$M	1,352
Closure costs	$M	722
Economics		
Cumulative cash flow, pre-tax	$M	2,770
Cumulative cash flow, after-tax	$M	1,823
Pre-tax NPV @ 5%	$M	1,874
Post-tax NPV @ 5%	$M	1,239

Note: Cash costs defined as the sum of the mining, processing, and general and administrative operating costs, Cost Accounting Standards change in inventory, royalty payments and treatment and refining costs. Equates to costs applicable to sales plus treatment and refining costs. All-in sustaining costs include treatment and refining costs, total operating costs (e.g. operating costs including mining, processing

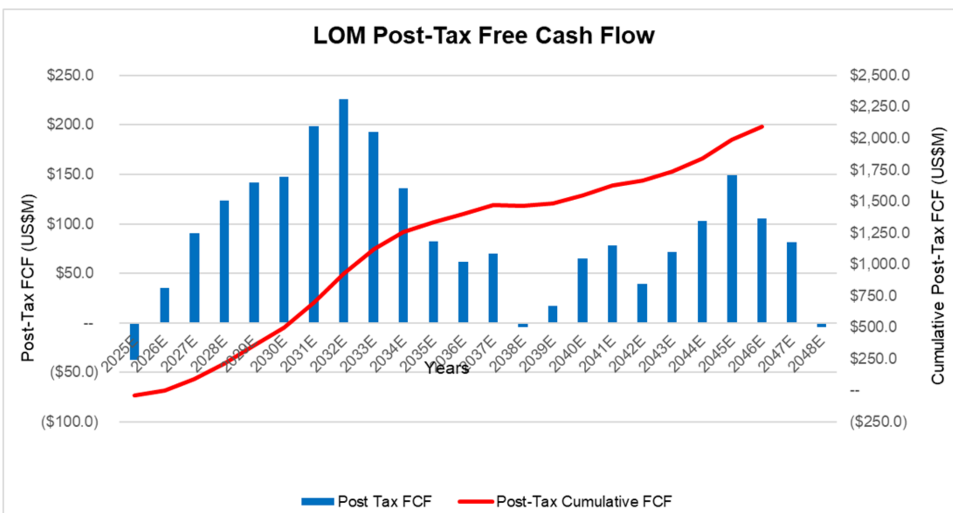
and general and administrative, change in inventory, royalty payments, exploration expenses, reclamation accretion, and sustaining capital costs).

Figure 1-2: LOM Gold Production Forecast



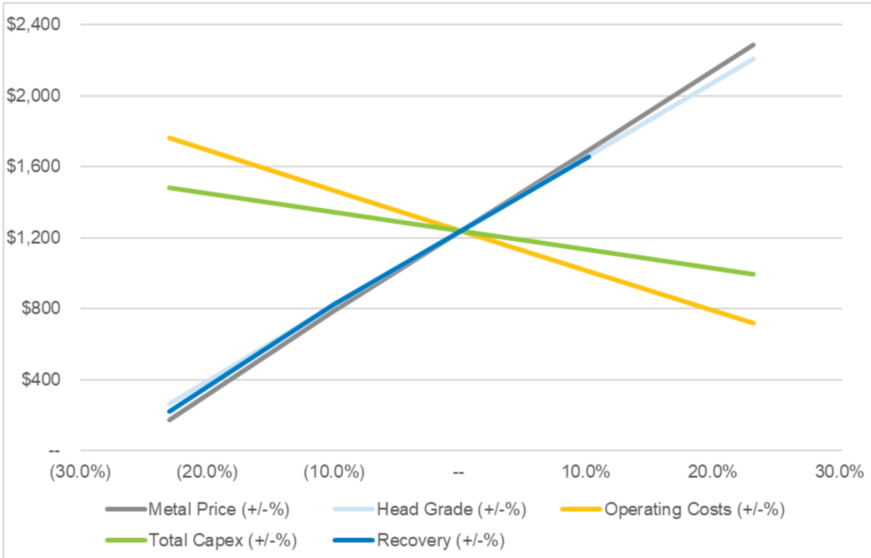
Note: Figure prepared by Discovery Silver, 2024. AISC = all-in sustaining costs. All-in sustaining costs include treatment and refining costs, total operating costs (e.g. operating costs including mining, processing and general and administrative, change in inventory, royalty payments, exploration expenses, reclamation accretion, and sustaining capital costs).

Figure 1-3: LOM Post-Tax Free Cash Flow



Note: Figure prepared by Discovery Silver, 2024. FCF = free cash flow.

Figure 1-4: Post-Tax Sensitivity Analysis



Note: Figure prepared by Discovery Silver, 2024. Capex = capital cost estimate. Vertical axis is the post-tax NPV in US$M.

The QPs have relied upon information from Newmont experts for this information. There is a risk that when a detailed audit is performed, issues may be identified, such as: arrears in or non-compliance with provincial reporting obligations; mis-identification of current royalty holders or changes in individual royalty holder interests; mis-correlation of royalty percentages, agreements, and royalty holders on legacy cell or boundary claims to the current claim boundaries; and the status of, or currency of, agreements not being up-to-date.

Mineral Resource Estimates

Specific risks that may affect the individual estimates include:

- Borden: most of the upside for the Mineral Resource estimate appears to lie on the far east side of the deposit and below Borden Lake and will require either drilling on the lake or new development drifts to support upgrades in confidence categories;

- Dome: the Mineral Resource estimate relies partly on historic drill hole data with procedures for assaying, quality control and QA/QC that varied with time, and were not always well documented. Past verification work has indicated some local biases in assay data that have been addressed in new work, but the data are still not fully verified;

- Hoyle Pond: portions of the Mineral Resource are in small sized, narrow blocks with variable gold grades. A significant proportion of the estimate is at depths below 1,800 m below surface;

- Pamour: the Mineral Resource estimate relies partly on historic drill hole data with procedures for assaying, quality control and QA/QC that varied with time, and were not always well documented.

Water Supply, Hoyle Pond

The Hoyle Pond Mine uses fresh water from a surface water source drawn by the neighbouring Glencore Kidd Metallurgical facility. Glencore has announced the closure of that facility in 2026. Alternative freshwater sources will be required, and are actively being considered.

Opportunities

Exploration and Mineral Resource Estimates

Opportunities include:

- Borden: the Borden property contains a large number of prospects hosted within similar rock types to those found at the Borden mine. These prospects have had little to no previous drilling;

- Dome: there is potential to support upgrade of Inferred Mineral Resources to higher confidence categories through additional drilling, evaluating ways to address historical assay biases, and supporting studies. Within the pit and immediate surrounds are areas where the drill spacing is currently insufficient to classify Inferred Mineral Resources, and those blocks are currently treated as waste or are not included in the 2024 PEA plan. Infill drilling and supporting studies are required to support potential resource classification in these areas. There is potential to support estimation of Mineral Resources potentially amenable to underground mining methods with additional drilling and supporting studies;

- Hoyle Pond: numerous areas retain prospectivity, including the S Zone Deep, S Zone Upper, XMS Zone, Owl Creek Zone, TVZ Zone, PST Zone. These areas will require additional drilling and supporting studies to support Mineral Resource estimation;

- Pamour: there is potential to support upgrade of Inferred Mineral Resources to higher confidence categories through additional drilling, evaluating ways to address historical assay biases, and supporting studies. There is potential to support estimation of Mineral Resources potentially amenable to underground mining methods with additional drilling and supporting studies.

Mining

The QP identified the following opportunities to reduce mining costs and improve throughput at all operations, namely:

- At Borden, by:

  - Renegotiating the existing surface haulage contract;

  - Upgrading the underground haulage trucks from 40 t to 50 t;

  - Investigating the implementation of battery electric vehicle underground to reduce the consumption of diesel and support the ventilation upgrade timeline. Governmental funding may be available to partially offset capital costs;

  - Reviewing ground support design;

  - Locating a source of waste rock material on site to meet backfill requirements. This will eliminate the waste rock back-haul from the Dome site;

  - Upgrading backfill procedures;

  - Increasing the volume of fresh air delivered to the underground mine by sinking an exhaust raise;

- At Hoyle Pond, by:

- Increasing the volume of fresh air delivered to the underground mine;
- Improving the quality of cemented paste fill and reviewing binder requirements and delivery procedures;
- Identifying and addressing bottleneck(s) of the material handling system;
- Reduce dilution and ground support costs by adopting the underhand cut-and-fill mining method across more areas while re-assessing the sustainability of long hole mining;
- Enhancing automation and expanding the use of tele-remote systems for load–haul–dump operations, especially between shifts;
- Studying an alternative mine design for the extension at depth of the S-vein;
- Evaluating known zones of mineralization (e.g. TVZ), with the support of additional drilling and studies. These zones currently do not have Mineral Resource estimates, and so were not included in the 2024 PEA LOM plan;

- At Pamour, by:
    - Developing short-term plans to reduce or eliminate the waste rock re-handling that is currently taking place to manage dumping of overburden material by mixing the overburden with waste rock;
    - Evaluating an alternative to the current mine truck haulage from Pamour to Dome, such as implementing a conveyor, a Rail-Veyor or a RIINO (electric haulage rail) system. This would reduce operating costs and improve efficiency;
    - Assessing the option of bringing in a contract drilling company for the bedrock pioneering work. This would be a short-term contract for drilling the uneven terrain below the overburden, but may be more efficient with AirTrack drills.

Process

The QP identified the following opportunities in the process discipline area:

- Increase process plant utilization to industry standards:
    - Potential of 30% improvement on A Circuit and 15% on B circuit in comparison to the 2024 performance numbers by completing an investigation into the mill maintenance program and maintenance plan execution;
    - Address ore handling issues with the wet Borden and Hoyle Pond underground muck during winter months;
- Lower process operating costs:
    - Investigate monthly mill operating cost reports to understand why costs are higher than the first principles based budget and make required changes to achieve savings;

- Increase metallurgical recoveries:
  - Address the high solution losses by investigating the carbon handling procedures and practices;
  - Optimize mill feed material grind size (find optimum between possible grind size and recoveries versus marginal operating cost increase). The opportunity of changing grind size from 120 µm to 90 µm represents a 2–2.5% increase in gold recovery;
- Increase mill throughput:
  - Addition of dilution water to final tailings box is currently a bottleneck on overall plant throughput. The dilution is added in relation to meeting the cyanide code, while not operating the cyanide destruct circuit.
  - Debottlenecking final tailings dilution could allow up to 2,500 t/d more processed material.

Interpretation and Conclusions

Using the assumptions and parameters detailed for the 2024 PEA, which includes Inferred Mineral Resources in the 2024 PEA mine plan, the conceptual economic analysis is positive.

Recommendations

A two-phase work program is planned at an estimated total cost of approximately US$75.9 M.

The first work phase will consist of 1,911 m of extensions to exploration drifts at Borden and Hoyle Pond and construction of drill stations to allow for infill drill programs. It will also include a 600 m long, 5 m diameter, ventilation raise at Borden, and 500 m of exhaust raises at Hoyle Pond. The first work phase is estimated to require a budget of approximately US$31.3 M.

The second work phase will consist of about 990 core holes (about 254,850 m) to be completed at Borden and Hoyle Pond. This drilling is estimated to cost about approximately US$44.6 M. A portion of the program can be conducted concurrently with the first work phase.

CONSOLIDATED CAPITALIZATION

There have not been any material changes in the share and loan capital of Corporation since September 30, 2024, the date of the Corporation's most recently filed financial statements. The following table sets forth the consolidated capitalization of the Corporation as at September 30, 2024, and as at such date, on an adjusted basis, to give effect to the closing of the Offering and the Franco-Nevada Financing Package and the completion of the Acquisition (assuming the issuance of Common Shares to holders of the Subscription Receipts and no exercise of the Over-Allotment Option). The following table should be read in conjunction with the Q3 2024 Financial Statements and the Q3 2024 MD&A, each of which is incorporated by reference in the Prospectus, and the Discovery Pro Forma Financial Statements:

Designation	Outstanding as at September 30, 2024	Outstanding as at September 30, 2024 after giving effect to the Offering, the Franco-Nevada Financing Package, the issuance of the Franco Warrants, and the completion of the Acquisition(1)
	(Canadian dollar in thousands, except share amounts)	
Credit Facility(2)	--	$134,990
Share capital		
Common Shares(3)	400,226,881	771,245,477
Preferred shares	--	--
Restricted Share Units	5,664,978	5,664,978
Deferred Share Units	2,375,997	2,375,997
Stock Options	16,021,875	16,021,875
Franco Warrants	--	3,900,000

Notes:

(1) Based on (i) the issuance of 250,000,000 Subscription Receipts pursuant to the Offering and assuming that the Over-Allotment Option is not exercised in whole or in part, (ii) the drawdown of the full US$100 million under the Credit Facility, (iii) the issuance of all 119,716,667 Consideration Shares, and (iv) 1,301,929 Common Shares issuable to settle restricted share units held by Porcupine employees. See *"The Acquisition – Financing the Acquisition"*, *"Plan of Distribution"* and *"Risk Factors"*. The exchange rate used to translate the U.S. dollar amounts is the exchange rate as of September 30, 2024, of C$1.3499 per US$1.00.

(2) The Credit Facility is intended to be used as a standby working capital facility following completion of the Acquisition and subject to the satisfaction of the conditions precedent to any advance thereunder. The Corporation does not intend to make draws under the senior credit facility immediately upon the Acquisition Closing and the amounts to be ultimately drawn under the Credit Facility, if any, are not certain at this time. See *"The Acquisition – Financing the Acquisition"*.

(3) The Corporation is authorized to issue an unlimited number of Common Shares and preferred shares. As at September 30, 2024, there were 400,226,881 Common Shares outstanding and no preferred shares outstanding.

USE OF PROCEEDS

The net proceeds from the Offering (excluding any Earned Interest and including the sale of 76,388,888 Subscription Receipts to Franco-Nevada under the Offering) are estimated to be approximately $214,612,500 (after deducting the Underwriters' Fee of $9,187,500 and the estimated expenses of the Offering of approximately $1,200,000). If the Over-Allotment Option is exercised in full, the net proceeds from the Offering (excluding any Earned Interest and including the sale of 78,833,333 Subscription Receipts to Franco-Nevada under the Offering) are estimated to be approximately $236,053,500 (after deducting the Underwriters' fee of $10,246,500 and the estimated expenses of the Offering of approximately $1,200,000).

The Escrowed Funds, being the Proceeds together with any Earned Interest, will be held in escrow by the Subscription Receipt Agent, as subscription receipt agent, until the earlier of: (i) the delivery of the Escrow Release Notice; and (ii) a Termination Event.

The net proceeds of the Offering, together with the net proceeds from the Franco-Nevada Royalty Package, will be used to fund the cash portion of the Purchase Price of the Acquisition. The net proceeds of the Offering and the Franco-Nevada Royalty Package that exceed the cash portion of the Purchase Price payable on closing, are intended to be used by the Corporation to fund capital expenditures and support working capital at Porcupine following completion of the Acquisition, as well as for general corporate and working capital purposes. See *"The Acquisition – Financing the Acquisition"* and *"Consolidated Capitalization"*.

If a Termination Event occurs, the Subscription Receipt Agent will pay to each holder of Subscription Receipts, no later than the second business day following the date on which the Termination Event occurred, an amount equal to the Termination Payment. The Termination Payment will be made from the balance of the Escrowed Funds at the Termination Time, provided that if the balance of the Escrowed Funds is insufficient to cover the aggregate of the Termination Payments, under the Subscription Receipt Agreement, Discovery will be required to pay to the Subscription Receipt Agent, as agent on behalf of the holders of Subscription Receipts, the deficiency between the amount of Escrowed Funds at the Termination Time and the aggregate of the Termination Payments due to the holders of Subscription Receipts. See *"Risk Factors – Closing of the Acquisition"* and *"Risk Factors – Subscription Receipt Structure"*.

PRIOR SALES

Discovery has not sold or issued any Subscription Receipts or securities convertible into Subscription Receipts during the twelve-month period prior to the date of this prospectus supplement. Discovery has not sold or issued any Common Shares or securities convertible into Common Shares during the twelve-month period prior to the date of this prospectus supplement other than as follows:

Date	Type of Security	Number of Securities	Weighted Average Issuance/Exercise Price per Security
January 29, 2024 - January 28, 2025	Common Shares [(1)]	3,468,450	$0.49
January 29, 2024 - January 28, 2025	Common Shares [(2)]	1,130,545	$0.82
March 5, 2024	RSUs [(3)]	3,239,529	N/A
March 5, 2024	DSUs [(4)]	900,000	N/A

Notes:

(1) Represents the issuance of Common Shares issued upon the exercise of stock options ("**Options**") under the Corporation's equity incentive plan.

(2) Represents the issuance of Common Shares issued upon the vesting and settlement of restricted share units ("**RSUs**") under the Corporation's equity incentive plan.

(3) Represents the grants of RSUs under the Corporation's equity incentive plan.

(4) Represents the grant of deferred share units ("**DSUs**") under the Corporation's equity incentive plan.

MARKET FOR SECURITIES

The Common Shares are listed for trading on the TSX under the symbol "DSV". The following table shows the monthly range of high and low prices per Common Share at the close of market, as well as total monthly volumes of the Common Shares traded on the TSX for the 12 months preceding the date hereof:

	Price Range		
	Monthly High ($)	Monthly Low ($)	Volume
2024			
January	0.785	0.52	9,352,100
February	0.66	0.58	6,069,515
March	0.80	0.605	8,373,764
April	1.04	0.72	17,238,699
May	1.33	0.85	17,214,402
June	1.12	0.86	10,519,264
July	1.095	0.84	9,991,221
August	0.98	0.58	20,120,277
September	0.80	0.52	13,094,910
October	1.15	0.69	19,406,210
November	0.97	0.77	6,880,348
December	0.93	0.65	7,746,330
2025			
January (until January 28)	1.39	0.71	23,012,912

On January 24, 2025, the last trading day prior to the public announcement of the Offering and the Acquisition, the closing price of the Common Shares on the TSX was $0.98 per Common Share. On January 28, 2025, the last trading day prior to the filing of this prospectus supplement, the closing price of the Common Shares on the TSX was $1.34 per Common Share.

DETAILS OF THE OFFERING AND DESCRIPTION OF THE SUBSCRIPTION RECEIPTS

The Subscription Receipts will be issued on the Closing Date pursuant to the Subscription Receipt Agreement. This summary does not purport to be complete and is subject to, and qualified in its entirety by, the terms of the Subscription Receipt Agreement, which following execution on the Closing Date, will be available for inspection at the offices of the Corporation and will be filed under the Corporation's profile on SEDAR+ at www.sedarplus.ca.

Provided that the Acquisition Closing occurs prior to the Termination Time, each holder of a Subscription Receipt will be entitled to receive, without payment of additional consideration and without further action, one Common Share. Provided that the Escrow Release Conditions are satisfied and the Acquisition Closing occurs prior to the Termination Time, Discovery will deliver an irrevocable direction (the "**Irrevocable Direction**") to TSX Trust Company, in its capacity as Subscription Receipt Agent and registrar and transfer agent of the Common Shares, to issue to each holder of Subscription Receipts one Common Share for each Subscription Receipt held. Thereafter, the former holders of Subscription Receipts will be entitled, as holders of Common Shares, to receive dividends if, as and when declared by the board of directors of the Corporation from time to time, to vote and to all other rights available to holders of Common Shares.

The Proceeds will be delivered to and held in escrow by the Subscription Receipt Agent, together with any Earned Interest, and invested in short-term obligations of, or guaranteed by, the Government of Canada, interest-bearing deposits with banks and other financial institutions with issuer credit ratings of at least A assigned by S&P Global Ratings or an equivalent rating from any other designated rating organization, guaranteed investment certificates of a Canadian Schedule I bank or other approved investments as set forth in the Subscription Receipt Agreement, all pursuant to the terms of the Subscription Receipt Agreement, until the earlier of: (i) delivery of the Escrow Release Notice by Discovery and the Co-Lead Underwriters, to the Subscription Receipt Agent; and (ii) a Termination Event.

Prior to the Termination Time, if (i) all material conditions precedent to the Acquisition, substantially on the terms as set out in the Acquisition Agreement, have been satisfied or waived, other than the payment of the Purchase Price; (ii) the Corporation has available to it all other funds required to complete the Acquisition; (iii) the Corporation has delivered to the Underwriters the form of title opinion in respect of the Porcupine Complex as provided in the Acquisition Agreement; and (iv) the Corporation and the Co-Lead Underwriters (on their own behalf and on behalf of the other Underwriters) have delivered to the Subscription Receipt Agent the Escrow Release Notice (the "**Escrow Release Conditions**") the Subscription Receipt Agent will release the Escrowed Funds (less the Escrowed Underwriters' Fee to be paid) to, or as directed by, Discovery. Under the terms of the Subscription Receipt Agreement, the Escrow Release Conditions may be considered satisfied up to six business days prior to the scheduled Acquisition Closing, at the election of Discovery upon Discovery and the Co-Lead Underwriters having determined, in good faith and after reasonable inquiry, that the foregoing conditions to the release of the Escrowed Funds have been satisfied but for the satisfaction of conditions for the Acquisition that can only be satisfied at the time of the Acquisition Closing. Upon making such determination, Discovery and the Co-Lead Underwriters will cause an Escrow Release Notice, to be delivered to the Subscription Receipt Agent and, upon receipt of the Escrow Release Notice, the Subscription Receipt Agent will release the Escrowed Funds (less the Escrowed Underwriters' Fee to be paid) to, or as directed by, Discovery. In the event that the Escrowed Funds are released pursuant to an Escrow Release Notice and the Acquisition Closing does not occur within six business days of such release, Discovery will be required to return the Escrowed Funds to the Subscription Receipt Agent and the Escrowed Funds will continue to be held and invested by the Subscription Receipt Agent pursuant to the terms and conditions of the Subscription Receipt Agreement until the earlier of: (i) delivery of another Escrow Release Notice by Discovery and the Co-Lead Underwriters to the Subscription Receipt Agent; and (ii) a Termination Event. See *"Risk Factors – Subscription Receipt Structure"*.

If a Termination Event occurs, the Subscription Receipt Agent will return to holders of Subscription Receipts, from the Escrowed Funds, the Termination Payment. The Termination Payment will be made from the balance of the Escrowed Funds at the Termination Time, including from the Earned Interest, provided that if the balance of the Escrowed Funds, together with any such Earned Interest, is insufficient to cover the aggregate of the Termination

Payments, under the Subscription Receipt Agreement, Discovery will be required to pay to the Subscription Receipt Agent, as agent on behalf of the holders of Subscription Receipts, the deficiency between the amount of Escrowed Funds, together with any such Earned Interest, at the Termination Time and the aggregate of the Termination Payments due to the holders of Subscription Receipts.

The Corporation will covenant in the Subscription Receipt Agreement that, from the Closing Date to the earlier of a Termination Event and the Acquisition Closing, it will not: (i) subdivide or redivide the outstanding Common Shares into a greater number of Common Shares; (ii) reduce, combine or consolidate the outstanding Common Shares into a smaller number of Common Shares; (iii) issue Common Shares to holders of all or substantially all of the outstanding Common Shares by way of a dividend (other than the issue of Common Shares to holders of Common Shares who have elected to receive dividends in the form of Common Shares in lieu of cash dividends paid in the ordinary course on the Common Shares); (iv) fix a record date for the making of, or make, a dividend to all or substantially all the holders of Common Shares of securities, rights, options or warrants or securities exercisable for, convertible into or exchangeable for, Common Shares or other securities, evidences of indebtedness or assets of Discovery; or (v) reclassify the Common Shares or undertake a reorganization of Discovery or a consolidation, amalgamation, arrangement or merger of Discovery with any other person, or a sale or conveyance of all or substantially all of the property and assets of Discovery to any other person, or a liquidation, dissolution or winding-up of Discovery, provided, however, that Discovery may sell all or substantially all of its properties or assets to a direct or indirect wholly-owned subsidiary of Discovery in connection with a *bona fide* reorganization of Discovery; or (vi) take any action affecting the Common Shares that, in the opinion of the directors of Discovery, acting reasonably, would materially adversely affect the rights of holders of Subscription Receipts and/or the rights attached to the Subscription Receipts.

Under the Subscription Receipt Agreement, original purchasers of Subscription Receipts under the Offering will have a contractual right of action against Discovery for rescission prior to and following the issuance of the Common Shares to such purchaser pursuant to the terms of the Subscription Receipt Agreement, to receive the amount paid for the Subscription Receipts upon surrender of the Subscription Receipts or Common Shares, as applicable, if this prospectus supplement (including documents incorporated herein by reference) or any amendment contains a misrepresentation, as such term is defined in the *Securities Act* (Ontario) (the "**Securities Act**"), provided such remedy for rescission is exercised within 180 days of the Closing Date. This contractual right of rescission shall be subject to the defences, limitations and other provisions described under Part XXIII of the Securities Act and is in addition to any other right or remedy available to original purchasers of Subscription Receipts under section 130 of the Securities Act or otherwise at law. For greater certainty, this contractual right of rescission under the Subscription Receipt Agreement is only in connection with a misrepresentation (within the meaning of the Securities Act) and is not a right to withdraw from an agreement to purchase securities within two business days as provided in securities legislation in certain provinces and territories of Canada. Original purchasers should refer to any applicable provisions of the securities legislation of such purchaser's province or territory for the particulars of these rights, or consult with a legal advisor.

From time to time while the Subscription Receipts are outstanding, Discovery, the Co-Lead Underwriters, on behalf of the Underwriters, and the Subscription Receipt Agent, without the consent of the holders of the Subscription Receipts, may amend or supplement the Subscription Receipt Agreement for certain purposes, including for any purpose not inconsistent with the terms of the Subscription Receipt Agreement, provided that, in the opinion of the Subscription Receipt Agent, relying on the opinion of counsel, the rights of the Subscription Receipt Agent and the holders of the Subscription Receipts are in no way prejudiced thereby. The Subscription Receipt Agreement provides for other modifications and alterations thereto and to the Subscription Receipts issued thereunder by way of an extraordinary resolution. The term "extraordinary resolution" is defined in the Subscription Receipt Agreement to mean, in effect, a resolution passed by the affirmative votes of the holders of not less than 66 2/3% of the number of outstanding Subscription Receipts represented and voting at a meeting of Subscription Receipt holders at which a quorum of two or more Subscription Receipt holders holding more than 25% of the then outstanding Subscription Receipts has been achieved or an instrument or instruments in writing signed by the holders of not less than 66 2/3% of the number of outstanding Subscription Receipts.

The holders of Subscription Receipts are not holders of Common Shares and do not have rights as holders of Common Shares, including, but not limited to, the right to vote at meetings of holders of Common Shares. See *"Description of Securities Being Distributed – Common Shares"* in the Prospectus for a description of the material attributes and characteristics of the Common Shares. Holders of Subscription Receipts are entitled

only to receive Common Shares, or to receive from the Subscription Receipt Agent an amount per Subscription Receipt equal to the Offering Price of the Subscription Receipts plus a *pro rata* share of any Earned Interest, net of any applicable withholding taxes, as described above.

Book-Based System

The Subscription Receipts issuable under the Offering will be issued in electronic form and must be purchased or transferred through a participant (a "**Participant**") in the depository service of CDS Clearing and Depository Services Inc. ("**CDS**"). On the Closing Date, the Subscription Receipt Agent will cause the Subscription Receipts to be delivered to CDS and registered in the name of CDS or its nominee. Unless the book-based system is terminated as described below, a purchaser acquiring a beneficial interest in a Subscription Receipt (a "**Beneficial Owner**") will only be entitled to receive a certificate for Subscription Receipts or the Common Shares issuable to such purchaser, if requested and withdrawn from the CDS book-based system. Purchasers of Subscription Receipts will not be shown on the records maintained by CDS, except through a Participant. Beneficial interests in the Subscription Receipts will be represented solely through the book-based system and such interests will be evidenced by customer confirmations of purchase from the registered dealer from which the applicable Subscription Receipts are purchased in accordance with the practices and procedures of that registered dealer. In addition, registration of interests in and transfers of the Subscription Receipts will be made only through the depository service of CDS. Notwithstanding the foregoing, Subscription Receipts and underlying Common Shares issued in the United States to persons that are "accredited investors" as defined in Rule 501(a) of Regulation D under the U.S. Securities Act ("**U.S. Accredited Investors**"), will be issued in the form of definitive certificates or direct registration statements with applicable restrictive legends attached. See "*Plan of Distribution*".

As indirect holders of Subscription Receipts, investors should be aware that they (subject to the situations described below): (i) may not have Subscription Receipts registered in their name; (ii) may not have physical certificates representing their interest in the Subscription Receipts; (iii) may not be able to sell the Subscription Receipts to institutions required by law to hold physical certificates for securities they own; and (iv) may be unable to pledge Subscription Receipts as security.

Beneficial Owners will receive a physical certificate evidencing their Subscription Receipt (a "**Subscription Receipt Certificate**") only if: (i) required pursuant to applicable law; or (ii) CDS advises the Subscription Receipt Agent that CDS is no longer able or willing to properly discharge its responsibilities as depository with respect to the Subscription Receipts and the Corporation or the Subscription Receipt Agent is unable to locate a qualified successor.

Upon the occurrence of any of the events described in the immediately preceding paragraph, the Subscription Receipt Agent must notify CDS, for and on behalf of Participants and Beneficial Owners of Subscription Receipts, of the availability of Subscription Receipt Certificates. Upon receipt of instructions from CDS for the new registrations, the Subscription Receipt Agent will deliver the Subscription Receipts in the form of Subscription Receipt Certificates and thereafter the Corporation will recognize the holders of such Subscription Receipt Certificates as holders of Subscription Receipts.

Neither the Corporation, the Subscription Receipt Agent nor the Underwriters will assume any liability for: (i) any aspect of the electronic records maintained by CDS relating to any ownership interests or any other interests in the Subscription Receipts or the depository system maintained by CDS, or payments made on account of any ownership interest or any other interest of any person in any Subscription Receipt represented by an electronic position in the non-certificated inventory system administered by CDS (other than CDS or its nominee); (ii) maintaining, supervising or reviewing any records relating to the Subscription Receipts; or (iii) any advice or representation made by or with respect to CDS and contained in this prospectus supplement and relating to the rules and regulations governing CDS or any action to be taken by CDS on its own direction or at the direction of a Participant. The rules and regulations governing CDS provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to CDS and Beneficial Owners must look solely to Participants for any payments relating to the Subscription Receipts, paid by or on behalf of the Corporation to CDS.

PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, the Corporation has agreed to issue and sell and the Underwriters have agreed to purchase, as principals, on the Closing Date, 250,000,000 Subscription Receipts at the Offering Price, for gross proceeds to the Corporation of $225,000,000. The Corporation also proposes to issue and sell, at the election of the Underwriters, up to an additional 25,000,000 Over-Allotment Subscription Receipts pursuant to the due and proper exercise of the Over-Allotment Option at the Offering Price.

The Offering is being made in each of the provinces and territories of Canada other than Québec and Nunavut, and in the United States to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act ("**Rule 144A**")) pursuant to the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A and to U.S. Accredited Investors on a substituted purchaser basis pursuant to an exemption from the registration requirements of the U.S. Securities Act provided by Rule 506(b) of Regulation D under the U.S. Securities Act and/or Section 4(a)(2) of the U.S. Securities Act and similar exemptions under applicable securities laws of any state of the United States. The Subscription Receipts will be offered in each of the provinces and territories of Canada other than Québec and Nunavut and in the United States through those Underwriters or their affiliates who are registered to offer the Subscription Receipts for sale in such jurisdictions and such other registered dealers as may be designated by the Underwriters. Subject to applicable law, the Underwriters may offer the Subscription Receipts outside of Canada and the U.S.

The Underwriters will be paid a fee (the "**Underwriting Fee**") equal to 5% of the gross proceeds of the Subscription Receipts sold (including any gross proceeds resulting from the exercise of the Over-Allotment Option), other than gross proceeds on any sales of Subscription Receipts to Franco-Nevada, for which an underwriting fee equal to 2.0% of the gross proceeds from the sale of Subscription Receipts to Franco-Nevada will be paid to the Underwriters. The Non-Escrowed Underwriters' Fee is payable at the Closing Date with the Escrowed Underwriters' Fee is payable upon the satisfaction of the Escrow Release Conditions.

If a Termination Event occurs, the Subscription Receipt Agent will pay to each holder of the Subscription Receipts, the Termination Payment. The Termination Payment will be made from the balance of the Escrowed Funds at the Termination Date, provided if the balance of the Escrowed Funds at the Termination Date is insufficient to cover the aggregate amount of the Termination Payments payable to the holders of the Subscription Receipts, pursuant to the Subscription Receipt Agreement, the Corporation will be required to pay to the Subscription Receipt Agent, as agent on behalf of the holders of the Subscription Receipts, the deficiency between the amount of Escrowed Funds at the Termination Date and the aggregate of the Termination Payments due to the holders of the Subscription Receipts.

In the event that any Underwriter shall fail to purchase its applicable percentage of the Subscription Receipts (the "**Defaulting Underwriter**") at the Closing Time or the Over-Allotment Closing Time, as the case may be, and the percentage of Subscription Receipts that have not been purchased by the Defaulting Underwriter represents 10% or less of the Subscription Receipts then the other Underwriters will be severally, and not jointly and severally, obligated to purchase, on a *pro rata* basis to their respective syndicate percentages, all but not less than all of the Subscription Receipts not purchased by the Defaulting Underwriter, and to receive the Defaulting Underwriter's portion of the Underwriting Fee in respect thereof, and such non-defaulting Underwriters shall have the right, by notice to the Corporation, to postpone the Closing Date or the date on which the issuance of the Over-Allotment Subscription Receipts closes, as the case may be, by not more than three business days to effect such purchase. In the event the percentage of Subscription Receipts that have not been purchased by a Defaulting Underwriter represents more than 10% of the aggregate Subscription Receipts, the other Underwriters will have the right, but will not be obligated, to purchase all of the percentage of the Subscription Receipts which would otherwise have been purchased by the Defaulting Underwriter; the Underwriters exercising such right will purchase such Subscription Receipts, if applicable, *pro rata* to their respective syndicate percentages or in such other proportions as they may otherwise agree. In the event that such right is not exercised, the non-defaulting Underwriters shall be relieved of all obligations to the Corporation arising from such default.

There is currently no market through which the Subscription Receipts may be sold, and purchasers may not be able to resell the Subscription Receipts purchased under this Prospectus Supplement. The TSX has conditionally approved the listing of: (i) the Subscription Receipts (including the Over-Allotment Subscription Receipts); and (ii) the Common Shares issuable pursuant to the Subscription Receipt Agreement. Listing is subject to Discovery fulfilling all of the listing requirements of the TSX. The Subscription Receipts have been requested to be listed under the trading symbol "DSV.R".

Subject to the terms of the Underwriting Agreement, the Corporation has agreed to indemnify the Underwriters and/or any of their respective affiliates and each of their respective or former directors, officers, employees, partners, agents and each other person, if any, controlling the Underwriters or any of their subsidiaries, affiliates and each shareholder of the Underwriters and the successors and assigns of all the foregoing persons against certain liabilities.

The Corporation shall not, directly or indirectly, issue any Common Shares or securities, or other financial instruments convertible into or having the right to acquire Common Shares, or enter into any agreement or arrangement under which the Corporation acquires or transfers to another, in whole or in part, any of the economic consequences of ownership of Common Shares, whether that agreement or arrangement may be settled by the delivery of Common Shares or other securities or cash, or agrees to become bound to do so, or discloses to the public any intention to do so, for a period of 90 days from the Closing Date without the prior written consent of the Co-Lead Underwriters, such consent not to be unreasonably withheld, except in conjunction with: (i) the Offering and the Acquisition; (ii) the grant or exercise or settlement of Options, RSUs, DSUs and other similar issuances pursuant to the long term incentive plan of the Corporation and other stock-based compensation arrangements including, for greater certainty, any existing director, officer, employee or consultant incentive plans or the sale of any Common Shares issued thereunder; (iii) the exercise or conversion of outstanding convertible securities; (iv) any obligations in respect of existing agreements or instruments; or (v) in connection with an arm's length acquisition transaction, or a take-over bid or other transaction involving a change of control of the Company (including any such transactions funded with the use of proceeds of financings).

Pursuant to the Underwriting Agreement, the Corporation has agreed to cause each of the directors and executive officers of the Corporation (the "**Locked-Up Parties**" and each a "**Locked-Up Party**"), to agree, in a lock-up agreement to be executed on the Closing Date, that for a period of 90 days from the Closing Date, each Locked-Up Party will not, directly or indirectly, offer, sell, contract to sell, grant any option to purchase, make any short sale, or otherwise dispose of, or transfer, or announce any intention to do so, any Common Shares, whether now owned or hereinafter acquired, directly or indirectly, or under their control or direction, or with respect to which each has beneficial ownership, or enter into any transaction or arrangement that has the effect of transferring, in whole or in part, any of the economic consequences of ownership of Common Shares, whether such transaction is settled by the delivery of Common Shares, other securities, cash or otherwise. Notwithstanding the foregoing, the Locked-Up Parties shall be entitled to transfer their securities of the Corporation: (i) to an affiliate; (ii) in connection with an internal reorganization; (iii) pursuant to a pledge as security for indebtedness owing to a *bona fide* lender and/or any sale of the securities upon such lender realizing on such security; (iv) pursuant to exercises of outstanding Options or settlement of outstanding RSUs or DSUs; and (v) pursuant to a *bona fide* take-over bid or any other similar transaction made generally by a third party to all holders of securities of the Corporation.

Offering in the United States

This prospectus supplement, together with the Prospectus, does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The Subscription Receipts and the underlying Common Shares have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws and may not be offered or sold in the U.S. except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. Each Underwriter has agreed that, except as permitted under the Underwriting Agreement, it will not offer or sell the Subscription Receipts or underlying Common Shares at any time within the United States. The Underwriting Agreement permits the Underwriters acting through their United States broker-dealer affiliate to (i) offer and resell the Subscription Receipts only to qualified institutional buyers (as defined in Rule 144A) in the United States in transactions exempt from the registration requirements of the U.S. Securities Act pursuant to Rule 144A thereunder and in accordance with applicable state securities laws and (ii) offer the Subscription Receipts for sale by the Corporation in the United States to a limited number of substituted purchasers who are U.S. Accredited Investors, provided such offers and sales are made in accordance with Rule 506(b) of Regulation D under the U.S. Securities Act and/or in reliance upon Section 4(a)(2) of the U.S. Securities Act and similar exemptions under applicable securities laws of any state of the United States. In addition, until 40 days after the later of commencement of the Offering and the issue date of the Subscription Receipts offered hereby, an offer or sale of the Subscription Receipts or underlying Common Shares within the United States by any dealer (whether or not participating in the

Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from such registration requirements. Terms used in this paragraph have the meanings given to them by Regulation S under the U.S. Securities Act. Any Offered Securities sold to persons in the United States will be "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and will be subject to restrictions to the effect that such securities have not been registered under the U.S. Securities Act or the securities laws of the applicable state of the United States and may only be offered, sold, pledged or otherwise transferred pursuant to certain exemptions from the registration requirements of the U.S. Securities Act and the securities laws of the applicable state of the United States.

Price Stabilization, Short Positions and Passive Market Making

In connection with the Offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Subscription Receipts or Common Shares at levels other than those which otherwise might prevail on the open market, including stabilizing transactions, short sales, purchases to cover positions created by short sales, imposition of penalty bids and syndicate covering transactions.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Subscription Receipts or Common Shares while the Offering is in progress. These transactions may also include making short sales of the Subscription Receipts or Common Shares, which involve the sale by the Underwriters of a greater number of Subscription Receipts than they are required to purchase in the Offering or Over-Allotment Shares, if applicable.

The Underwriters may close out any covered short position by purchasing Subscription Receipts or Common Shares in the open market. In making this determination, the Underwriters will consider, among other things, the price of Subscription Receipts and Common Shares available for purchase in the open market.

The Underwriters must close out any short position by purchasing Subscription Receipts or Common Shares in the open market. A short position is more likely to be created if the Underwriters are concerned that there may be downward pressure on the price of the Subscription Receipts or Common Shares in the open market that could adversely affect investors who purchase in the Offering.

In addition, in accordance with rules and policy statements of certain Canadian securities regulators, the Underwriters may not, at any time during the period of distribution, bid for or purchase Subscription Receipts or Common Shares. The foregoing restriction is, however, subject to exceptions where the bid or purchase is not made for the purpose of creating actual or apparent active trading in, or raising the price of, the Subscription Receipts or Common Shares. These exceptions include a bid or purchase permitted under the by-laws and rules of applicable regulatory authorities and the applicable stock exchange, including the Universal Market Integrity Rules for Canadian Marketplaces, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution.

As a result of these activities, the price of the Subscription Receipts or Common Shares may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on any stock exchange on which the Subscription Receipts or Common Shares are listed, in the over-the-counter market, or otherwise.

Book-Based System

The Offering will be conducted under the book-based system. A subscriber who purchases Subscription Receipts will receive a customer confirmation from the registered dealer from or through whom Subscription Receipts are purchased and who is a CDS depository service participant. CDS will record the CDS participants who hold Subscription Receipts on behalf of owners who have purchased Subscription Receipts in accordance with the book-based system. No certificates evidencing the Subscription Receipts will be issued, except in certain limited circumstances, and registration will be made in the name of the nominee of CDS.

Except in certain limited circumstances, including but not limited to U.S. Accredited Investors in the United States who will be issued the securities in the form of definitive certificates or direct registration statements with applicable restrictive legends attached: (i) the Subscription Receipts will be issued and deposited in electronic form with CDS or its nominee pursuant to the book-based system administered by CDS; (ii) certificates evidencing the Subscription Receipts will not be issued to purchasers; and (iii) purchasers will receive only a customer confirmation from the Underwriters or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Subscription Receipts are purchased. See *"Details of the Offering – Book-Based System"*.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a general summary of the principal Canadian federal income tax considerations generally applicable under the *Income Tax Act* (Canada) and the regulations thereunder (the "**Tax Act**") to a holder who acquires, as beneficial owner, Subscription Receipts pursuant to the Offering and Common Shares pursuant to the Subscription Receipts and who, within the meaning of the Tax Act and at all relevant times: (i) deals at arm's length with the Corporation and the Underwriters and is not affiliated with the Corporation or the Underwriters, and (ii) holds or will hold the Subscription Receipts and any Common Shares issuable pursuant to the terms of the Subscription Receipts as capital property (a "**Holder**"). Generally, the Subscription Receipts and the Common Shares will be considered to be capital property to a Holder provided the Holder does not hold the Subscription Receipts or the Common Shares in the course of carrying on a business of trading or dealing in securities and has not acquired them in a transaction or transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a Holder: (i) that is a "financial institution" for purposes of the "mark-to-market" rules in the Tax Act, (ii) that is a "specified financial institution" within the meaning of the Tax Act, (iii) an interest in which would be a "tax shelter investment" within the meaning of the Tax Act, (iv) an interest in which is a "tax shelter" (as defined in the Tax Act); (v) that has elected to determine its "Canadian tax results" (as defined in the Tax Act) in a currency other than Canadian currency, (vi) that has entered or will enter into, in respect of the Subscription Receipts or Common Shares, a "derivative forward agreement" or a "synthetic disposition arrangement", as those terms are each defined in the Tax Act, or (vii) that receives dividends on the Common Shares under or as part of a "dividend rental agreement" (as defined in the Tax Act),. **Any such Holder should consult its own tax advisor with respect to an investment in the Subscription Receipts or Common Shares.**

Additional considerations, not discussed herein, may be applicable to a Holder that is a corporation resident in Canada, and is, or becomes (or does not deal at arm's length for purposes of the Tax Act with a corporation resident in Canada that is or becomes) as part of a transaction or event or series of transactions or events that includes the acquisition of Subscription Receipts or Common Shares, controlled by a non-resident person, or group of non-resident persons not dealing with each other at arm's length, for purposes of the "foreign affiliate dumping" rules in section 212.3 of the Tax Act. Such Holders should consult their tax advisors with respect to the consequences of acquiring the Subscription Receipts or Common Shares.

In addition, this summary does not address the deductibility of interest by a Holder who has borrowed money to acquire Subscription Receipts or Common Shares.

This summary is based upon the current provisions of the Tax Act in force as at the date hereof, all specific proposals (the "**Tax Proposals**") to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof and an understanding of the current administrative practices and assessing policies of the Canada Revenue Agency published in writing and publicly available prior to the date hereof. This summary assumes the Tax Proposals will be enacted in the form proposed; however, no assurance can be given that the Tax Proposals will be enacted in the form proposed, if at all. This summary does not, other than the Tax Proposals, take into account or anticipate any changes in applicable law, whether by legislative, governmental or judicial decision or action, nor does it take into account other federal or any provincial, territorial or foreign tax laws or considerations, which might differ significantly from those discussed herein.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder and no representations with respect to the income tax consequences to any Holder or prospective Holder are made. This summary is not exhaustive of all possible income tax considerations under the Tax Act that may affect a Holder. Accordingly, prospective Holders of Subscription

Receipts and Common Shares should consult their own tax advisors with respect to their particular circumstances and the tax consequences to them of holding and disposing of Subscription Receipts and Common Shares.

This summary is based upon the understanding that a Subscription Receipt evidences a contractual right to acquire a Common Share on the satisfaction of certain conditions. No advance tax ruling in respect of the Offering has been sought from the Canada Revenue Agency and the Corporation is not aware of any judicial authority relating to this characterization.

Holders Resident in Canada

This portion of the summary applies to a Holder who, at all relevant times, for purposes of the Tax Act, is, or is deemed to be, resident in Canada and is not exempt from tax under Part I of the Tax Act (a "**Resident Holder**"). Certain Resident Holders who may not otherwise be considered to hold their Common Shares as capital property may be entitled to make or may have already made the irrevocable election permitted by subsection 39(4) of the Tax Act to have their Common Shares that are acquired pursuant to a Subscription Receipt (and every other "**Canadian security**", as defined in the Tax Act) owned by such Resident Holder in the taxation year in which the election is made and in all subsequent taxation years deemed to be capital property. Such election does not apply to Subscription Receipts. Resident Holders are advised to consult their own tax advisors to determine whether such an election is available and desirable in their particular circumstances.

Holding and Disposing of Subscription Receipts

Acquisition of Common Shares Pursuant to Terms of the Subscription Receipts

A Resident Holder of Subscription Receipts will not be considered to dispose of the Subscription Receipts and will not realize any capital gain or capital loss on the acquisition of Common Shares pursuant to the terms of the Subscription Receipts.

The cost of a Common Share issued to a Resident Holder pursuant to a Subscription Receipt will generally be equal to the cost of the Subscription Receipt to the Resident Holder plus the Resident Holder's *pro rata* share of any Earned Interest that is included (and not deducted) in the Resident Holder's income but remitted to the Corporation upon the acquisition of the Common Share pursuant to the Subscription Receipt. The adjusted cost base to the Resident Holder of Common Shares so acquired will be determined by averaging the cost of such Common Shares with the adjusted cost base of all other Common Shares owned at that time by the Resident Holder as capital property.

Other Dispositions of Subscription Receipts

A disposition or deemed disposition by a Resident Holder of a Subscription Receipt (which does not include an acquisition of a Common Share pursuant to the terms of the Subscription Receipts, as discussed above under *"Holders Resident in Canada — Holding and Disposing of Subscription Receipts — Acquisition of Common Shares Pursuant to Terms of the Subscription Receipts"* or below under *"Holders Resident in Canada — Holding and Disposing of Subscription Receipts — Acquisition Failing to Close"*) will generally result in the Resident Holder realizing a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Subscription Receipt exceed (or are less than) the aggregate of the Resident Holder's adjusted cost base of the Subscription Receipt and any reasonable costs of disposition. Any such capital gain (or capital loss) will be subject to the tax treatment described below under the heading *"Holders Resident in Canada – Holding and Disposing of Common Shares – Taxation of Capital Gains and Capital Losses"*.

The cost to a Resident Holder of a Subscription Receipt at any particular time will generally be equal to the subscription price for the Subscription Receipt. The adjusted cost base of a Subscription Receipt acquired at any time will be determined by averaging the cost of such Subscription Receipt immediately before such time with the adjusted cost base of any other Subscription Receipts owned by the Resident Holder as capital property at such time.

Acquisition Failing to Close

In the event of a Termination Event, Resident Holders of a Subscription Receipt will be entitled to receive from the Subscription Receipt Agent the Termination Payment, being an amount equal to (i) the Offering Price, plus (ii) a *pro rata* share of any Earned Interest. The Termination Payment will be made from the balance of the Escrowed Funds at the Termination Time, provided that if the balance of the Escrowed Funds is insufficient to cover the full amount of the Termination Payment, the Corporation will be required to pay to the Subscription Receipt Agent an amount equal to the deficiency between the amount of the Escrowed Funds and the aggregate of the Termination Payments due (the "**Termination Top-up**").

The repayment of the subscription price of the Subscription Receipt out of Escrowed Funds will generally result in the Resident Holder realizing a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Subscription Receipt exceed (or are less than) the aggregate of the Resident Holder's adjusted cost base of the Subscription Receipt and any reasonable costs of disposition. Such capital gain (or capital loss) will be subject to the tax treatment described below under *"Holders Resident in Canada — Holding and Disposing of Common Shares — Taxation of Capital Gains and Capital Losses"*.

Any part of the Termination Payment that is paid to the Resident Holder as, or on account of or in lieu of payment of, interest and that is included in the Resident Holder's income (which will include the Resident Holder's *pro rata* share of the Earned Interest, and should include the Resident Holder's *pro rata* share of the Termination Top-up other than any portion of the Termination Top-up that is an amount paid by the Corporation as a refund of the issue price for the Subscription Receipts) will be excluded from the Resident Holder's proceeds of disposition of the Subscription Receipts.

Any part of the Termination Payment that is paid to the Resident Holder as, or on account of or in lieu of payment of, interest (which should include the Resident Holder's *pro rata* share of the Termination Top-up other than any portion of the Termination Top-up that is an amount paid by the Corporation as a refund of the issue price for the Subscription Receipts) will be included in the income of the Resident Holder as described below under *"Holders Resident in Canada – Holding and Disposing of Subscription Receipts – Pro Rata Share of Earned Interest"*. For greater certainty, the Termination Top-up (other than any portion of the Termination Top-up that is an amount paid by the Corporation as a refund of the issue price for the Subscription Receipts) should be taxed as ordinary income and will not be treated as a dividend for the purposes of the Tax Act.

Pro Rata Share of Earned Interest

As described above under the heading *"Holders Resident in Canada – Holding and Disposing of Subscription Receipts – Acquisition Failing to Close"*, in the event of a Termination Event, Resident Holders will be entitled to receive their *pro rata* share of any Earned Interest.

A Resident Holder of Subscription Receipts that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will generally be required to include in computing its income for a taxation year any amount of interest (i) that accrues or that is deemed to accrue to it to the end of the particular taxation year, or (ii) that has become receivable by or is received by it before the end of that taxation year, except to the extent that such interest was included in computing the Resident Holder's income for a preceding taxation year. This will include the Resident Holder's pro rata share of the Earned Interest, whether or not such amount is received or receivable by the Holder or by the Subscription Receipt Agent on behalf of such Resident Holder, including interest on the Escrowed Funds that is remitted to the Corporation upon the acquisition of a Common Share pursuant to the Subscription Receipt.

Any other Resident Holder must include in computing its income for a taxation year the amount of interest received or receivable by the Resident Holder or by the Subscription Receipt Agent on behalf of the Resident Holder in that taxation year, depending on the method regularly followed by the Resident Holder in computing income, except to the extent that such interest was included in computing the Resident Holder's income for a preceding taxation year.

A Resident Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) throughout the relevant taxation year or a "substantive CCPC" (as defined in the Tax Act) at any time in a taxation year may be liable to pay an additional tax (refundable in certain circumstances) on its "aggregate investment income", which is defined in the Tax Act to include interest income.

Holding and Disposing of Common Shares

Dividends on Common Shares

Dividends received or deemed to be received on Common Shares by a Resident Holder will be included in computing the Resident Holder's income for the purposes of the Tax Act.

Dividends received or deemed to be received by a Resident Holder who is an individual (other than certain trusts) will be subject to the gross-up and dividend tax credit rules in the Tax Act normally applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit for "eligible dividends". A dividend will be eligible for the enhanced gross-up and dividend tax credit if the Corporation designates the dividend as an eligible dividend in accordance with the Tax Act. There may be limitations on the ability of the Corporation to designate dividends as eligible dividends.

Taxable dividends received by a Resident Holder who is an individual (other than certain trusts) may give rise to alternative minimum tax under the Tax Act, depending on the individual's circumstances. Recent amendments to the Tax Act applicable to taxation years beginning after December 31, 2023 may affect the liability of a Resident Holder for alternative minimum tax. Resident Holders who are individuals should consult their own tax advisors in this regard.

Dividends received or deemed to be received on Common Shares by a Resident Holder which is a corporation must be included in computing its income but generally will be deductible in computing such corporation's taxable income. A Resident Holder that is a "private corporation" (as defined in the Tax Act) or a "subject corporation" (as defined for the purposes of Part IV of the Tax Act), may be liable to pay an additional tax (that is refundable in certain circumstances) on dividends received or deemed to be received on the Common Shares to the extent the dividends are deductible in computing the Resident Holder's taxable income.

In certain circumstances, a taxable dividend received or deemed to be received by a Resident Holder that is a corporation will be treated under subsection 55(2) of the Tax Act as proceeds of disposition or a capital gain, rather than as a dividend. Resident Holders that are corporations are urged to contact their own tax advisors.

Disposition of Common Shares

In general, a disposition or a deemed disposition of a Common Share by a Resident Holder (other than a disposition to the Corporation that is not a sale in the open market in the manner in which shares would normally be purchased by any member of the public in an open market) will give rise to a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Common Share, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the holder of the Common Share immediately before the disposition. Such capital gain (or capital loss) will be subject to the tax treatment described below under *"Holders Resident in Canada – Holding and Disposing of Common Shares – Taxation of Capital Gains and Capital Losses"*.

Taxation of Capital Gains and Capital Losses

Generally, only the taxable portion (as described below) of any capital gain realized by a Resident Holder on the disposition (or deemed disposition) of a Common Share will be included in the Resident Holder's income as a "**taxable capital gain**". Similarly, only a portion of any capital loss (an "**allowable capital loss**") realized by a Resident Holder on the disposition (or deemed disposition) of a Common Share may be deducted against taxable capital gains.

Under the applicable provisions of the Tax Act in force on the date of this prospectus supplement, only one-half of any capital gain is required to be included in calculating a taxpayer's taxable capital gain, while only one-half of any capital loss is deductible against taxable capital gains as an allowable capital loss.

However, under Tax Proposals announced in the April 16, 2024 federal Budget and contained in a Notice of Ways and Means Motion released on September 23, 2024 (the "**Capital Gains Tax Proposals**"), the inclusion rate for capital gains and capital losses is proposed to be increased from one-half to two-thirds in respect of capital gains and capital losses realized on or after June 25, 2024. Under the Capital Gains Tax Proposals, the income of a Resident Holder that is an individual (other than certain trusts) for a particular taxation year in which the increased rate applies will be subject to certain adjustments which are intended to effectively reduce such a Resident Holder's net inclusion rate to one-half for up to $250,000 of net capital gains realized (or deemed to be realized) by such Resident Holder in the year that are not offset by an amount in respect of capital losses carried back or forward from another taxation year. Certain other conditions impacting the computation of the $250,000 threshold may apply. The Capital Gains Tax Proposals also provide for corresponding adjustments to the inclusion rate of carried forward or carried back capital losses, as well as for transitional rules and other consequential amendments.

The foregoing summary only generally describes the considerations applicable under the Capital Gains Tax Proposals and is not an exhaustive summary of the considerations that could arise in respect of the Capital Gains Tax Proposals. Furthermore, on January 6, 2025, Parliament was prorogued, with the result that before the Capital Gains Tax Proposals can be enacted, they will need to be reintroduced in Parliament. No assurance can be given that the Capital Gains Tax Proposals will be reintroduced, or enacted as proposed or at all. Holders should consult their tax advisors regarding the potential application of the Capital Gains Tax Proposals to them in their particular circumstances.

A Resident Holder will generally be entitled to deduct any allowable capital losses realized in a taxation year against taxable capital gains realized by the Resident Holder in the year. To the extent allowable capital losses realized in a year exceed the Resident Holder's taxable capital gains in the year, the excess may generally be carried back three years or carried forward indefinitely and deducted against taxable capital gains realized in those years (subject to certain adjustments to reflect differences in the inclusion rate for different years), to the extent and in the circumstances specified in the Tax Act.

The amount of any capital loss realized by a Resident Holder that is a corporation on the disposition of a Common Share may be reduced by the amount of dividends received or deemed to be received by it on such Common Share (or on a share for which the Common Share has been substituted) to the extent and under the circumstances described by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares, directly or indirectly, through a partnership or a trust.

A Resident Holder that is, throughout the relevant taxation year, a "Canadian-controlled private corporation" or, at any time in the relevant taxation year, a "substantive CCPC" (each as defined in the Tax Act) may be liable to pay an additional tax (that is refundable in certain circumstances) on its "aggregate investment income", which is defined in the Tax Act to include an amount in respect of taxable capital gains.

Capital gains realized by a Resident Holder who is an individual (including certain trusts) may result in such Resident Holder being liable for alternative minimum tax as calculated under the detailed rules set out in the Tax Act. Recent amendments to the Tax Act applicable to taxation years beginning after December 31, 2023 may affect the liability of a Resident Holder for alternative minimum tax. Resident Holders who are individuals and to whom these rules may be relevant should consult their own tax advisors in this regard.

Holders Not Resident in Canada

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act, is not, and is not deemed to be, resident in Canada and does not, and is not deemed to, use or hold the Subscription Receipts or Common Shares in a business carried on in Canada (a "**Non-Resident Holder**"). This part of the summary is not applicable to a Non-Resident Holder that is an insurer carrying on an insurance business in Canada and elsewhere or an "authorized foreign bank" (as defined in the Tax Act). Such Non-Resident Holders should consult their own tax advisors.

Holding and Disposing of Subscription Receipts

Acquisition of Common Shares Pursuant to Terms of the Subscription Receipts

A Non-Resident Holder of Subscription Receipts will not be considered to dispose of Subscription Receipts and will not realize any capital gain or capital loss upon the acquisition of Common Shares pursuant to the terms of the Subscription Receipts.

Other Dispositions of Subscription Receipts

On a disposition of a Subscription Receipt (which does not include an acquisition of a Common Share pursuant to the terms of the Subscription Receipts, as discussed above), a Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized unless the Subscription Receipt constitutes "taxable Canadian property" (as defined in the Tax Act) of the Non-Resident Holder at the time of disposition and the Non-Resident Holder is not entitled to relief under an applicable income tax convention.

Provided the Common Shares are listed on a designated stock exchange for purposes of the Tax Act (which currently includes the TSX) at the time of disposition of a Subscription Receipt, the Subscription Receipt will generally not constitute taxable Canadian property of a Non-Resident Holder at that time, unless at any time during the 60-month period immediately preceding the disposition of the Subscription Receipt: (a) one or any combination of (i) the Non-Resident Holder, (ii) persons with whom the Non-Resident Holder did not deal at arm's length (for the purposes of the Tax Act), or (iii) partnerships in which the Non-Resident Holder or a person described in (ii) holds a membership interest directly or indirectly through one or more partnerships, owns 25% or more of the issued shares of any class or series of the Corporation, and (b) more than 50% of the fair market value of the Common Shares was derived directly or indirectly from one or any combination of: (i) real or immovable property situated in Canada; (ii) Canadian resource properties; (iii) timber resource properties; and (iv) options in respect of, or interests in or civil law rights in, any of the foregoing property whether or not the property exists. Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, Subscription Receipts which are not otherwise taxable Canadian property could be deemed to be taxable Canadian property.

A Non-Resident Holder contemplating a disposition of Subscription Receipts that may constitute taxable Canadian property should consult a tax advisor prior to such a disposition.

Acquisition Failing to Close

As described under the heading *"Holders Resident in Canada – Holding and Disposing of Subscription Receipts – Acquisition Failing to Close"*, in the event of a Termination Event, Non-Resident Holders will be entitled to receive from the Subscription Receipt Agent an amount equal to (i) the Offering Price, plus (ii) a *pro rata* share of any Earned Interest, net of any applicable withholding tax.

A Non-Resident Holder will generally not be subject to Canadian withholding tax in respect of amounts paid or credited or deemed to have been paid or credited by the Subscription Receipt Agent as, on account or in lieu of payment of, or in satisfaction of, any such interest credited or received on the Escrowed Funds, which should include the Termination Top-up (other than any portion of the Termination Top-up that is an amount paid by the Corporation as a refund of the issue price for the Subscription Receipts).

Non-Resident Holders are urged to consult their own tax advisors as to the tax treatment of the Termination Payment.

Holding and Disposing of Common Shares

Dividends on Common Shares

Any dividends paid or credited, or deemed to be paid or credited, on the Common Shares to a Non-Resident Holder will be subject to Canadian withholding tax at the rate of 25% of the gross amount of the dividend or deemed dividend unless the rate is reduced under the provisions of an applicable income tax convention, which the Non-Resident Holder is entitled to the benefits of, between Canada and the Non-Resident Holder's country of residence. For instance, where the Non-Resident Holder is a resident of the U.S. that is entitled to full benefits under the *Canada-United States Income Tax Convention (1980)*, as amended, and is the beneficial owner of the dividends (a "**U.S. Treaty Holder**"), the rate of Canadian withholding tax applicable to dividends is generally reduced to 15% (or 5% in the case of a U.S. Treaty Holder that is a corporation beneficially owning at least 10% of the Corporation's voting shares).

Disposition of Common Shares

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Resident Holder on a disposition of a Common Share unless the Common Share constitutes "taxable Canadian property" (as defined in the Tax Act) of the Non-Resident Holder at the time of disposition and the Non-Resident Holder is not entitled to relief under an applicable income tax convention. For a description of "taxable Canadian property", see under the heading above *"Holders Not Resident in Canada – Holding and Disposing of Subscription Receipts – Other Dispositions of Subscription Receipts"*, as analogous tests will apply in respect of the Common Shares. A Non-Resident Holder contemplating a disposition of Common Shares that may constitute taxable Canadian property should consult a tax advisor prior to such disposition.

ELIGIBILITY FOR INVESTMENT

In the opinion of Bennett Jones LLP, counsel to the Corporation, and McMillan LLP, counsel to the Underwriters, based on the provisions of the Tax Act in force on the date hereof: the Subscription Receipts and the Common Shares issuable pursuant to the terms of the Subscription Receipts will be qualified investments under the Tax Act at the time of acquisition by a trust governed by a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), deferred profit sharing plan, registered education savings plan ("**RESP**"), registered disability savings plan ("**RDSP**"), first home savings account ("**FHSA**") or a tax-free savings account ("**TFSA**"), each as defined in the Tax Act and each being referred to herein as a "**Plan**", provided that, at the time of the acquisition by the Plan, (i) in the case of the Common Shares, such shares are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the TSX) or the Corporation is a "public corporation" as defined in the Tax Act, and (ii) in the case of the Subscription Receipts, either (a) the Subscription Receipts are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the TSX), or (b) the following three conditions are satisfied: (x) the Common Shares are qualified investments as described in (i) above, (y) neither the Corporation, nor any person with whom the Corporation does not deal at arm's length for the purposes of the Tax Act, is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, the particular Plan, and (z) the Escrowed Funds are invested in qualified investments for Plans.

Notwithstanding the foregoing, if the Subscription Receipts and/or Common Shares are "prohibited investments", within the meaning of the Tax Act, for a particular RRSP, RRIF, RESP, RDSP, FHSA or TFSA (each a "**Specified Plan**"), the annuitant, the subscriber or the holder of the Specified Plan, as the case may be, will be subject to a penalty tax under the Tax Act. The Subscription Receipts and Common Shares will generally not be a "prohibited investment" for these purposes unless the annuitant, the subscriber or the holder of the Specified Plan, as applicable, (i) does not deal at arm's length with the Corporation, for the purposes of the Tax Act, or (ii) has a "significant interest", as defined in the Tax Act for purposes of the prohibited investment rules, in the Corporation. In addition, Common Shares will generally not be a prohibited investment if the Common Shares are "excluded property", as defined in the Tax Act for the purposes of the prohibited investment rules, for a Specified Plan. Generally, an annuitant, subscriber or holder, as the case may be, will have a significant interest in the Corporation if the annuitant, subscriber or holder and/or persons not dealing at arm's length with the annuitant, subscriber or holder own, directly or indirectly, 10% or more of the issued shares of any class of the Corporation. **Prospective purchasers who intend to hold Subscription Receipts or Common Shares in a Specified Plan should consult their own tax advisors regarding their particular circumstances.**

RISK FACTORS

An investment in the Subscription Receipts, the Over-Allotment Shares and the Common Shares underlying the Subscription Receipts is subject to various risks including those risks inherent to the industries in which Discovery operates. Before deciding whether to invest in any Subscription Receipts or Over-Allotment Shares, as applicable, prospective purchasers should consider carefully the risk factors contained in and incorporated by reference in the Prospectus and this prospectus supplement.

Discussions of certain risk factors affecting the Corporation in connection with its businesses are provided in the Corporation's disclosure documents filed from time to time with the securities commission or similar securities regulatory authority in each of the provinces and territories of Canada which are incorporated by reference in the Prospectus. In particular, see the risks described below and under the heading *"Risk Factors"* in each of the Prospectus and the AIF, and the headings *"Financial Risk Factors"* and *"Other Risks and Uncertainties"* in the Annual MD&A and the Q3 2024 MD&A.

Risks Relating to the Subscription Receipts and the Common Shares

Subscription Receipt Structure

The Common Shares underlying the Subscription Receipts will only be issued to holders of Subscription Receipts upon the Corporation delivering the Irrevocable Direction to the Subscription Receipt Agent. The Irrevocable Direction will only be delivered if the Escrow Release Conditions are satisfied and the Acquisition Closing occurs prior to the Termination Time. See *"Risk Factors – Risks Relating to the Acquisition"*. There can be no assurance that the Escrow Release Conditions will be satisfied or that the Acquisition Closing will occur prior to the Termination Time. The Corporation may, with the prior consent of Franco-Nevada, waive certain closing conditions in its favour in the Acquisition Agreement or agree with the Sellers to amend the Acquisition Agreement and consummate the Acquisition on terms that may be substantially different from those set forth in the Acquisition Agreement and described in this prospectus supplement. Other events could result in a Termination Event. As a result, the Acquisition Closing may not occur as contemplated in this prospectus supplement, or at all, and, if the Acquisition Closing does occur, the expected benefits of the Acquisition may not be fully realized. See *"Risk Factors – Risks Relating to the Subscription Receipts and the Common Shares – Funds in Escrow"* and *"The Acquisition"*. Until the Escrow Release Conditions are satisfied, the Irrevocable Direction is delivered and the Common Shares are delivered pursuant to the Subscription Receipt Agreement, holders of Subscription Receipts have only the rights described under *"Details of the Offering and Description of the Subscription Receipts"*.

Market Price

There is currently no market through which the Subscription Receipts may be sold, and purchasers of Subscription Receipts may not be able to resell the Subscription Receipts purchased under this prospectus supplement. The price offered to the public for the Subscription Receipts and the number of Subscription Receipts to be issued have been determined by negotiations between the Corporation and the Underwriters. The price paid for each Subscription Receipt may bear no relationship to the price at which the Subscription Receipts may trade in the public market subsequent to the Offering. The Corporation cannot predict at what price the Subscription Receipts will trade and there can be no assurance that an active trading market will develop for the Subscription Receipts or, if developed, that such market will be sustained.

The market price of Common Shares issuable to holders of Subscription Receipts (and Over-Allotment Shares, if applicable) may fluctuate due to a variety of factors relating to the Corporation's business, including announcements of new developments, fluctuations in the Corporation's operating results, sales of Common Shares or other securities of the Corporation, failure to meet analysts' expectations, commodity prices, general market conditions or the worldwide economy. In the past, the Common Shares and stock markets in Canada and the U.S. have experienced significant price fluctuations, which may have been unrelated to the operating performance of the Corporation or the other affected companies. There can be no assurance that the market price of the Subscription Receipts and Common Shares will not experience significant fluctuations in the future, including fluctuations that are unrelated to the Corporation's performance. For these reasons, past trends in the price of Common Shares should not be relied upon to predict the future price of Common Shares.

The TSX has conditionally approved the listing of the Subscription Receipts (including the Over-Allotment Subscription Receipts), the Over-Allotment Shares issuable if the Over-Allotment Option is exercised following the Acquisition Closing and the Common Shares issuable to the holders of the Subscription Receipts. Listing of such securities will be subject to Discovery fulfilling all of the listing requirements of the TSX.

Funds in Escrow

The Escrowed Funds will be held in escrow until the earlier of: (i) the delivery of the Escrow Release Notice; and (ii) the Termination Time. The Escrow Release Notice will only be delivered if the Escrow Release Conditions have been satisfied prior to the Termination Time. There can be no assurance that the Escrow Release Conditions will be satisfied on or prior to the Termination Time.

Upon delivery of the Escrow Release Notice, the Escrowed Funds, less the Escrowed Underwriters' Fee, will be released to the Corporation in accordance with the terms and conditions of the Subscription Receipt Agreement and such Escrow Release Notice may be delivered up to six business days prior to the anticipated Acquisition Closing Date. It is anticipated that such released funds will be used, directly or indirectly, together with funds available to the Corporation under the Franco-Nevada Royalty Package, to pay the cash portion of the Purchase Price for the Acquisition. There is a possibility, however, that after such release the Acquisition will not close within six business days of the release, prior to the Termination Time or at all, and in any such event the Corporation will be required, under the Subscription Receipt Agreement, to return such released funds to the Subscription Receipt Agent. In such case, holders of the Subscription Receipts will be required to rely on the Corporation to comply with its obligations to repay such funds to the Subscription Receipt Agent.

Additionally, the Termination Payment payable to Subscription Receipt holders will be paid from the Escrowed Funds. If the balance of the Escrowed Funds at the Termination Time is insufficient to cover the aggregate amount of the Termination Payments, under the Subscription Receipt Agreement, Discovery will be required to repay the Subscription Receipt Agent, as agent on behalf of the holders of Subscription Receipts, the deficiency between the amount of Escrowed Funds at the Termination Time and the aggregate of the Termination Payments due to the holders of Subscription Receipts. In such case, holders of the Subscription Receipts will be required to rely on the Corporation to repay such funds as sufficient amounts will no longer be held in escrow.

Issuance of Additional Common Shares and Dilution

Discovery's articles of incorporation and by-laws allow it to issue an unlimited number of Common Shares for such consideration and on such terms and conditions as shall be established by the board of directors, in many cases, without the approval of Discovery's shareholders. As part of this Offering, Discovery could issue up to 275,000,000 Subscription Receipts, which number includes the 250,000,000 Subscription Receipts issuable pursuant to the Offering and the 25,000,000 Subscription Receipts issuable if the Over-Allotment Option is exercised in full by the Underwriters, each representing the right to receive one Common Share. Except as described under the heading *"Plan of Distribution"*, Discovery may issue additional Common Shares in subsequent offerings (including through the sale of securities convertible into or exchangeable for Common Shares). Discovery may also issue Common Shares to finance future acquisitions. Discovery cannot predict the size of future issuances of Common Shares or the effect that future issuances and sales of Common Shares will have on the market price of the Subscription Receipts or the Common Shares. Issuances of a substantial number of additional Common Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Subscription Receipts or the Common Shares. With any additional issuance of Common Shares, investors will suffer dilution to their voting power and Discovery may experience dilution in its earnings per share.

Rights of Holders of Subscription Receipts May Change

From time to time while the Subscription Receipts are outstanding, the Corporation, the Co-Lead Underwriters and the Subscription Receipt Agent, without the consent of the holders of the Subscription Receipts, may amend or supplement the Subscription Receipt Agreement for certain purposes, including making any change that, in the opinion of the Subscription Receipt Agent, relying on the advice of counsel, does not prejudice the rights of the holders of Subscription Receipts. The Subscription Receipt Agreement will provide for the making of other modifications and alterations thereto and to the terms of the Subscription Receipts issued thereunder by way of a resolution passed by the affirmative votes of the holders of not less than 66⅔% of the number of Subscription Receipts represented and voting at a meeting of Subscription Receipt holders duly convened for that purpose and held in accordance with the provisions of the Subscription Receipt Agreement where one or more holders of Subscription Receipts are present in person either holding personally or representing as proxies not less in aggregate than 25% of the number of

Subscription Receipts then outstanding, or an instrument or instruments in writing signed by the holders of not less than 66⅔% of the number of outstanding Subscription Receipts.

Price at which the Subscription Receipts are sold by the Underwriters may be less than the Offering Price

The Underwriters propose to offer the Subscription Receipts initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Subscription Receipts at such price, the Offering Price may be decreased. The sale by the Underwriters of the Subscription Receipts at a price lower than the Offering Price could adversely affect the prevailing market prices for the Subscription Receipts and the underlying Common Shares.

Risks Relating to the Acquisition

Closing of the Acquisition

The closing of the Offering will occur before the Acquisition Closing. The Acquisition Closing is subject to the satisfaction of certain closing conditions, including the receipt of required regulatory approvals. See *"Risk Factors – Risks Relating to the Acquisition – Regulatory Risk"*. There is no certainty, nor can Discovery provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. A substantial delay in obtaining regulatory approvals or the imposition of unfavourable terms or conditions in the approvals could have a material adverse effect on Discovery's ability to complete the Acquisition and on Discovery's business, financial condition, results of operations or cash flows. See *"The Acquisition – The Acquisition Agreement – Closing Conditions"*. The Corporation intends to consummate the Acquisition as soon as practicable after obtaining the required regulatory approvals and satisfying the required closing conditions.

Pending the delivery of the Irrevocable Direction and the issuance of the Common Shares underlying the Subscription Receipts, the holders of the Subscription Receipts are not shareholders, and the Subscription Receipts do not entitle the holders thereof to vote as or with holders of the Common Shares. The Irrevocable Direction will only be delivered if the Escrow Release Conditions are satisfied and the Acquisition Closing occurs prior to the Termination Time. If a Termination Event occurs, the Subscription Receipt Agent will return to each holder of Subscription Receipts, from the Escrowed Funds, the Termination Payment. In such a case, the return received by a holder of Subscription Receipts will be limited to the Earned Interest on the Offering Price paid for the subscriber's Subscription Receipts, net of any applicable withholding taxes. The balance of the Escrowed Funds at the Termination Time may not be sufficient to cover the aggregate amount of the Termination Payments. See *"Risk Factors – Risks Relating to the Subscription Receipts and the Common Shares – Funds in Escrow."* Also, the subscription proceeds of each holder of Subscription Receipt's will be held in escrow pending a Termination Event, and accordingly holders of Subscription Receipts will not be able to use such funds to take advantage of other investment opportunities that occur prior to a Termination Event. In addition, if the Acquisition Closing does not take place as contemplated, Discovery could suffer adverse consequences.

Franco-Nevada Royalty Package

Discovery's ability to complete the transactions contemplated under the Implementation Agreement is subject to certain customary conditions that Discovery must satisfy. If Discovery is unable to satisfy one or more of those conditions and such conditions are not waived, Discovery will not be able to receive amounts under the Franco-Nevada Royalty Package to fund the Acquisition. If Discovery cannot obtain the funds under the Franco-Nevada Royalty Package, Discovery may not have the cash necessary to fund the cash portion of the Purchase Price and close the Acquisition, and the Seller will, in certain circumstances, have the right to terminate the Acquisition Agreement. In addition, while it is possible that alternative sources of financing may not be available, alternative sources, if available, may be on terms that are less favourable than the terms of the Franco-Nevada Royalty Package. See *"The Acquisition – Financing the Acquisition"*.

Potential Dispute with First Nations Community Could Have Adverse Consequences Following the Acquisition Closing

In November 2024, the Taykwa Tagmou Nation ("**TTN**") filed a Statement of Claim against His Majesty the King in Right of Ontario represented by the Ministry of Northern Development, Mines, Natural Resources ("**Ministry of Mines**") and the Ministry of Environment, Conservation and Parks (the "**Ministry of the Environment**"), the Seller, and Newmont Corporation, claiming the Crown failed to protect TTN's lands and way of life from the impacts of mining in the Treaty No. 9 area, particularly, the Ministry of Mines and Ministry of Environment issued ten authorizations (the "**Authorizations**") enabling the Seller to resume open pit mining at the Pamour mine after 15 years of closure without consulting TTN or considering the impacts to TTN's Treaty rights (the "**TTN Litigation**"). Further, the Ministry of Mines accepted the Seller's Closure Plan Amendment for filing, allowing the Pamour mine to reopen without consulting TTN, which TTN alleges breached the Mining Act and section 35 of the Constitution Act. In the Statement of Claim, TTN sought certain relief including staying activities under the Authorizations issued to the Seller until the Action in the Statement of Claim is heard, a declaration the Crown breached its constitutional duty to meaningful consult and accommodate TTN respecting the Authorizations and the Crown violated Treaty No. 9 by issuing the Authorizations, quashing certain of the Authorizations, requiring the Crown to cooperate with TTN on various matters and seeking certain damages. TTN had previously brought an application for Judicial Review in July 2023 requesting relief respecting three of the mining exploration permits issued to the Seller. In January 2025, Newmont Corporation and the Seller filed a Notice of Intent to Defend with respect to this Action. His Majesty the King in Right of Ontario also filed a Notice of Intent to Defend in November 2024. The Corporation believes this claim is without merit.

The outcome of this claim is uncertain and could result in delays, additional costs, or modifications to the Pamour mine, difficulty in obtaining financing and permits and difficulty in community relations. This claim, depending upon its pendency and resolution, may give rise to material adverse effects on the Corporation's financial condition, operations, and prospects following the Acquisition Closing.

Unexpected Liabilities Related to the Acquisition

In connection with the Acquisition, there may be liabilities including environmental liabilities associated with the Porcupine Complex that the Corporation failed to discover or was unable to quantify in the due diligence which it conducted in connection with the Acquisition and the Corporation may not be indemnified for some or all of these liabilities. Following the Acquisition, the Corporation may discover that it has acquired substantial undisclosed liabilities. The discovery of any material liabilities, or the inability to obtain full indemnification for such liabilities, could have a material adverse effect on the Corporation's business, financial condition or future prospects. While the Corporation has estimated these potential liabilities for the purposes of making its decision to enter into the Acquisition Agreement, there can be no assurance that any resulting liability including environmental liabilities will not exceed the Corporation's estimates.

In addition, the Corporation may be unable to retain Porcupine's employees following the Acquisition. The continuing and collaborative efforts of Porcupine's employees are important to its success and its business would be harmed if it were to lose their services.

The existence of undisclosed liabilities and the Corporation's inability to retain Porcupine's employees could have an adverse impact on the Corporation's business, financial condition and results of operations.

Nature of Transactions

Acquisitions of mineral properties are based in large part on engineering, environmental and economic assessments made by the acquiror, independent engineers and consultants. These assessments include a series of assumptions regarding such factors as operational performance, status of and impact of policy, legislation and regulations and effective tax rates. Many of these factors are subject to change and are beyond Discovery's control. All such assessments involve a measure of engineering, environmental and regulatory uncertainty that could result in lower revenue or higher operating or capital expenditures than anticipated.

Information Provided by the Seller

Information related to the Porcupine Complex in this prospectus supplement is based on information provided by the Seller. Although the Corporation has conducted what it believes to be a prudent and thorough level of investigation with respect to the Porcupine Complex in connection with the Acquisition, a certain degree of risk remains regarding the accuracy and completeness of such information. While the Corporation has no reason to believe the information obtained from the Seller is misleading, untrue or incomplete, the Corporation cannot assure the accuracy or completeness of such information, nor can the Corporation compel the Seller to disclose events which may have occurred or may affect the completeness or accuracy of such information, but which are unknown to the Corporation.

Pro Forma Financial Information may not be Indicative of Discovery's Financial Condition or Results following the Acquisition

The unaudited *pro forma* consolidated financial information contained in this prospectus supplement is presented for illustrative purposes only as of its respective dates and may not be indicative of the financial condition, results of operations or cash flows of Discovery following completion of the Acquisition. The unaudited *pro forma* consolidated financial information has been derived from the respective historical financial statements of Discovery and carveout financial statements in respect of Porcupine, and certain adjustments and assumptions have been made to give effect to the Acquisition. The information upon which such adjustments and assumptions have been made is preliminary and adjustments and assumptions of this nature are difficult to make with complete accuracy. Moreover, the unaudited *pro forma* consolidated financial information does not include, among other things, estimated synergies or adjustments related to restructuring or integration activities in connection with the Acquisition, or future acquisitions or disposals not yet known or probable. Actual amounts recorded upon the finalization of the Purchase Price allocation pursuant to the Acquisition Agreement may differ from the amounts reflected in the Discovery Pro Forma Financial Statements. Additionally, the unaudited *pro forma* consolidated financial information may not reflect all of the costs that are expected to be incurred by the Corporation in connection with the Acquisition. Accordingly, the unaudited *pro forma* consolidated financial information contained in this prospectus supplement is presented for informational purposes only and Discovery's assets, results of operations and financial condition following the Acquisition may differ significantly from those indicated in the unaudited *pro forma* consolidated financial information.

Regulatory Risk

The Acquisition is conditional upon, among other things, (i) TSX approval, (ii) the completion of the Reorganization (which will be subject to certain approvals, including the consent of Ontario's Ministry of Mines), and (iii) the approval, or expiry of the waiting period, under the *Competition Act* (Canada). A substantial delay in obtaining satisfactory approvals or the imposition of unfavourable terms or conditions in the approvals could have a material adverse effect on Discovery's ability to complete the Acquisition and on Discovery's business, financial condition, results of operations or cash flows, or on the Porcupine Complex. See *"The Acquisition – The Acquisition Agreement – Closing Conditions"*.

Exchange Rate Risk

As Discovery anticipates funding a portion of the cash Purchase Price of the Acquisition from the net proceeds of the Offering, which Discovery will receive in Canadian dollars, and the cash portion of the Purchase Price of the Acquisition is denominated in U.S. dollars, a significant decline in the value of the Canadian dollar relative to the U.S. dollar could increase the cost to Discovery of funding the cash Purchase Price of the Acquisition.

Failure to Realize Acquisition Benefits

As described in *"The Acquisition"*, the Corporation believes that the Acquisition will be beneficial. However, there is a risk that some or all of the expected benefits of the Acquisition may fail to materialize or may not occur within the time periods that Discovery anticipates. The realization of such benefits may be affected by a number of factors, many of which are beyond the control of the Corporation.

Moreover, a variety of factors, including those risk factors set forth in the Prospectus and this prospectus supplement and the documents incorporated by reference in the Prospectus and this prospectus supplement, may adversely affect the Corporation's ability to achieve the anticipated benefits of the Acquisition.

Integration of Porcupine

Although the Corporation expects to realize certain benefits as a result of the Acquisition, there is a possibility that, following the Acquisition, the Corporation is unable to successfully integrate the Porcupine Complex into its operations in order to realize the anticipated benefits of the Acquisition or may be unable to do so within the anticipated timeframe.

The Corporation expects to implement certain operational improvements and cost-savings initiatives following the completion of the Acquisition. Any cost-savings that the Corporation realizes from such efforts may differ materially from the Corporation's estimates. In addition, any cost-savings that the Corporation realizes may be offset, in whole or in part, by reductions in revenues or through increases in other expenses. The Corporation's operational improvements and cost-savings plans are subject to numerous risks and uncertainties that may change at any time.

To effectively integrate Porcupine into its current operations, Discovery must establish appropriate operational, administrative, finance, and management systems and controls functions relating to Porcupine. These efforts, together with the ongoing integration following the Acquisition, will require substantial attention from Discovery's management. This diversion of management attention, as well as any other difficulties which Discovery may encounter in completing the Acquisition and integration process, could have an adverse effect on Discovery's business, financial condition, results of operations and cash flows. There can be no assurance that Discovery will be successful in integrating the Porcupine Complex or that the expected benefits of the Acquisition will be realized.

Discovery Will Rely on the Seller Following Completion of the Acquisition for Certain Services

In connection with the Acquisition, Discovery and the Seller agreed to enter into the Transition Services Agreement upon the closing of the Acquisition pursuant to which the Seller has agreed to provide, or cause its affiliates to provide, certain services to Discovery that are required for the operation of the Porcupine Complex in a similar manner as the Porcupine Complex was operated immediately prior to the Acquisition Closing. See *"The Acquisition – The Acquisition Agreement"*. As a result, Discovery will be reliant on the Seller's personnel, good faith, contractual compliance, expertise and judgment in providing the services under the Transition Services Agreement, where the Corporation's ability to manage operational risks may be limited. Accordingly, Discovery may be exposed to adverse developments in the business and affairs of the Seller, its management and to its financial strength.

There can be no assurance that the services provided by the Seller pursuant to the Transition Services Agreement will be adequate for the Corporation to operate the Porcupine Complex and facilitate the efficient and effective transition of business operations as currently contemplated, or at all. If the Seller does not perform the services under the Transition Services Agreement as currently contemplated, the operations and financial performance of the Porcupine Complex may be negatively affected, which could have a material adverse effect on the business, financial condition and future performance of the Corporation. If, after the expiration of the Transition Services Agreement, the Corporation is unable to perform these services or replace them in a timely manner or on terms and conditions as favorable as those under the Transition Services Agreement, the Corporation may experience operational problems and an increase in its costs.

Failure by the Seller to meet its obligations under the Transition Services Agreement could have a material adverse effect on the operation of the Porcupine Complex, which could in turn have a material adverse effect on the business, financial condition and future performance of the Corporation.

Litigation and Public Attitude towards the Acquisition

The Corporation may be exposed to increased litigation from shareholders or other third-parties in connection with the Acquisition. Such litigation may have an adverse impact on the Corporation's business and results of operations or may cause disruptions to the Corporation's operations. Even if any such claims are without merit, defending against these claims can result in substantial costs and divert the time and resources of management.

Furthermore, public attitudes towards the Acquisition could result in negative press coverage and other adverse public statements affecting the Corporation. Adverse press coverage and other adverse statements could negatively impact the ability of the Corporation to achieve the benefits of the Acquisition or take advantage of various business and market opportunities. The direct and indirect effects of negative publicity, and the demands of responding to and addressing it, may have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Acquisition and Related Costs

The Corporation expects to incur significant costs associated with completing the Acquisition and integrating the operations of Discovery and the Porcupine Complex. The substantial majority of such costs will be non-recurring expenses resulting from the Acquisition and will consist of transaction costs related to the Acquisition. Additional unanticipated costs may be incurred in the integration of Porcupine into Discovery's existing business and such costs, if incurred, may have a negative effect on the Corporation's business, operations and financial performance and cash flows.

Increased Indebtedness

In financing the Acquisition, Discovery may incur additional debt under the Credit Facility. See *"The Acquisition – Financing the Acquisition"* and *"Consolidated Capitalization"*. Such borrowing, to the extent incurred, would increase Discovery's consolidated indebtedness. Such additional indebtedness will increase Discovery's interest expense and debt service obligations and may have a negative effect on Discovery's results of operations and/or credit ratings. Such increased indebtedness may also make Discovery's results more sensitive to increases in interest rates. Discovery's degree of leverage could have other important consequences for purchasers, including: (i) having a negative effect on Discovery's issuer debt rating; (ii) it may limit Discovery's ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes; (iii) it may limit Discovery's ability to declare dividends on the Common Shares; (iv) Discovery may be vulnerable in a downturn in general economic conditions; and (v) Discovery may be unable to make capital expenditures that are important to its growth and strategies.

Historical Financial Information

The historical carveout financial information relating to the Porcupine Complex included in this prospectus supplement, including such information used to prepare the Discovery Pro Forma Financial Statements, has been derived on a historical basis from the historical accounting records of the Seller. The historical carveout financial information may not reflect what the operating results of the Porcupine Complex would have been had the Corporation owned the Porcupine Complex during the period presented or what the Corporation's financial position, results of operations or cash flows will be in the future. The historical financial information does not contain any adjustments to reflect changes that may occur in the Corporation's cost structure, financing and operations as a result of the Acquisition.

Risk of Default in the Repayment of Borrowing under the Franco-Nevada Financing Package

The Corporation has secured the Franco-Nevada Financing Package which includes debt financing pursuant to the Credit Facility (see *"The Acquisition – Financing the Acquisition"*). In the event Discovery draws on the Credit Facility, Discovery may repay all or a portion of such borrowings using proceeds from the issuance of additional securities. If Discovery is unable to raise sufficient proceeds from such intended sale of such securities on terms acceptable to Discovery, its ability to repay borrowings under the Credit Facility could be adversely affected. In the event Discovery is unable to refinance borrowings it may incur under the Credit Facility in the manner Discovery intends, Discovery may be required to utilize other sources of liquidity including cash on hand, cash from operating activities or other borrowings. Discovery may also be required to seek extensions to or modifications of the terms of the Credit Facility in order to defer the maturity dates of any borrowings incurred thereunder. Depending upon credit market conditions at the time when borrowings, if any, are due for repayment, and Discovery's own financial performance at that time, Discovery may be unable to obtain extensions or modifications of the terms of the Credit Facility on terms satisfactory to Discovery, or at all, which could result in Discovery defaulting on its repayment obligations under the Credit Facility and being subject to various remedies available to Franco-Nevada thereunder including remedies available under applicable bankruptcy and insolvency legislation.

Drawdowns Under the Term Loan Agreement are Subject to a Number of Conditions

The ability of Discovery to borrower and obtain an advance under the Term Loan Agreement is subject to the satisfaction of conditions precedent by NewCo and Discovery which may be outside of control of Discovery to satisfy. For the initial advance, such conditions include, but are not limited to, the lender under the Term Loan Agreement being satisfied with a mine plan, financial model, including demonstrating compliance with financial covenants, and technical reports for the Porcupine Complex, review and due diligence on disclosure schedules to the Term Loan Agreement, provision by Discovery and NewCo of the required security and opinions, including title opinions on the Porcupine Complex, no events having occurred that would individually or in the aggregate have had or could reasonably have a material adverse effect, no default or event of default occurring, among other conditions. For all advances, in addition to the conditions for the initial advance, certain additional customary conditions precedent must be satisfied. The ability for NewCo to receive and access funds under the Term Loan Agreement is contingent on its ability to satisfy the required conditions to advance.

LEGAL MATTERS

Certain legal matters relating to the Offering will be passed upon by Bennett Jones LLP, on Discovery's behalf, and by McMillan LLP, on behalf of the Underwriters. As at the date of this prospectus supplement, the partners and associates of Bennett Jones LLP, and the partners and associates of McMillan LLP, each as a group, beneficially own, directly or indirectly, less than 1% of the outstanding Common Shares.

INTEREST OF EXPERTS

PricewaterhouseCoopers LLP, Chartered Professional Accountants, located at PwC Tower, Suite 2600, 18 York Street, Toronto, Ontario, M5J 0B2 are the independent auditors of the Corporation. PricewaterhouseCoopers LLP has prepared an independent auditor's report dated March 28, 2024 in respect of the Annual Financial Statements. PricewaterhouseCoopers LLP has advised that they are independent of the Corporation within the meaning of the Chartered Professional Accountants of Ontario CPA Code of Professional Conduct.

The combined financial statements of Porcupine as of December 31, 2023 and for the year then ended, included in the prospectus supplement, have been audited by Ernst & Young LLP, independent auditors, as stated in their report appearing herein. Ernst & Young LLP has advised that they are independent of the Seller within the meaning of the standards of the American Institute of Certified Public Accountants.

The following persons and companies are named as having prepared or certified a report, valuation, statement or opinion in this prospectus supplement, either directly or in a document incorporated by reference in this prospectus supplement, and whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company:

- Tommaso Roberto Raponi, P. Eng., Ausenco Engineering Canada ULC; Jonathan Cooper, P. Eng., Ausenco Engineering Canada ULC; Scott Weston, P. Geo., Ausenco Sustainability ULC; John McCartney, C. Geol., Ausenco Chile Limitada; Willie Hamilton, P. Eng., AGP Mining Consultants Inc.; Rae Mohan Srivastava, P. Geo., Red Dot 3D Inc.; Nadia Caira, P. Geo., Discovery Silver Corp.; Humberto Preciado, PE, WSP USA Environment & Infrastructure Inc.; and Blake Easby, PE, WSP USA Environment & Infrastructure Inc., in respect of the current technical report pertaining to the Cordero Project; and

- Eric Kallio, P. Geo; Pierre Rocque, P. Eng., Rocque Engineering Inc.; and Dr. Ryan Barnett, P. Geo., Resource Modeling Solutions Ltd., in respect of the Porcupine Technical Report.

To the knowledge of the Corporation, the persons or firms named above beneficially own, directly and indirectly, either none or less than one percent of the outstanding Common Shares of the Corporation. None of the aforementioned persons or firms, nor any directors, officers or employees of such firms, are currently appointed or employed as a director, officer or employee of the Corporation or of any associate or affiliate of the Corporation.

AGENT FOR SERVICE OF PROCESS IN CANADA

As of the date of this prospectus supplement, the directors of the Corporation who are not resident in Canada are Barry Olson, Moira Smith and Daniel Vickerman. Mr. Olson has appointed the Corporation as agent for service of process at Suite 701, 55 University Avenue, Toronto, Ontario, M5J 2H7, and each of Ms. Smith and Mr. Vickerman has appointed Cassels Brock & Blackwell LLP, Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8 as agent for service of process. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person who resides outside of Canada, even if the party has appointed an agent for service of process.

TRANSFER AGENT AND REGISTRAR

Unless otherwise specified in another applicable prospectus supplement, the transfer agent and registrar for the Subscription Receipts will be the Subscription Receipt Agent at its principal offices in Toronto, Ontario. The transfer agent and registrar for the Common Shares is TSX Trust Company at its principal offices in Toronto, Ontario.

PURCHASERS' RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after the later of (a) the date that the Corporation (i) filed the prospectus supplement or any amendment on SEDAR+, and (ii) issued and filed a news release on SEDAR+ announcing that the prospectus supplement, the accompanying Prospectus and any amendment thereto is accessible through SEDAR+, or will be accessible through SEDAR+ within two business days, and (b) the date that the purchaser or subscriber has entered into an agreement to purchase the securities or a contract to purchase or a subscription for the securities. In several of the provinces and territories, securities legislation further provides the purchaser with remedies for rescission or, in some jurisdictions, revisions of the price of damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory.

Under the Subscription Receipt Agreement, original purchasers of Subscription Receipts under the Offering will have a contractual right of rescission against the Corporation in respect of the issuance of the Common Shares to such purchaser to the holders of the Subscription Receipts. The contractual right of rescission will entitle original purchasers to receive the amount paid for the Subscription Receipts upon surrender of the underlying Common Shares gained thereby, in the event that this prospectus supplement (together with the Prospectus and including the documents incorporated by reference therein) and any amendment contains a misrepresentation, provided that the conversion of the Subscription Receipts takes place within 180 days of the date of the purchase of the Subscription Receipts under this prospectus supplement, and the right of rescission is exercised within 180 days of the date of purchase of the Subscription Receipts. This contractual right of rescission shall be subject to the defences, limitations and other provisions described under Part XXIII of the Securities Act and is in addition to any other right or remedy available to original purchasers of Subscription Receipts under section 130 of the Securities Act or otherwise at law. For greater certainty, this contractual right of rescission under the Subscription Receipt Agreement is only in connection with a misrepresentation (within the meaning of the Securities Act) and is not a right to withdraw from an agreement to purchase securities within two business days as provided in securities legislation in certain provinces of Canada. Original purchasers are further advised that in certain provinces and territories of Canada, the statutory right of action for damages in connection with a misrepresentation in the prospectus supplement (together with the Prospectus and including the documents incorporated by reference therein) is limited to the amount paid for the Subscription Receipts that were purchased under this prospectus supplement.

An original purchaser of Subscription Receipts should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights and consult with a legal adviser.

FINANCIAL STATEMENTS

Porcupine

Condensed Combined Financial Statements

(unaudited)

At and for the nine months ended September 30, 2024

Index to Financial Statements

Condensed Combined Statements of Operations
(unaudited, in thousands)

	Nine Months Ended September 30,	
	2024	2023
Sales (Note 4)	$ 503,451	$ 366,028
Costs and expenses:		
Costs applicable to sales [(1)]	235,932	220,268
Depreciation and amortization	107,340	84,065
Reclamation (Note 6)	19,086	65,323
Exploration	3,215	11,352
Advanced projects, research and development	4,655	5,890
General and administrative	12,584	9,562
Impairment charges	9	2,020
Other expense, net	706	197
	383,527	398,677
Other income, net	1,675	2,873
Income (loss) before income and mining tax and other items	121,599	(29,776)
Income and mining tax (expense) benefit (Note 7)	(34,148)	10,297
Net income (loss)	$ 87,451	$ (19,479)

(1) Excludes *Depreciation and amortization* and *Reclamation*.

The accompanying notes are an integral part of the condensed combined financial statements.

Condensed Combined Statements of Comprehensive Income (Loss)
(unaudited, in thousands)

	Nine Months Ended September 30,	
	2024	2023
Net income (loss)	$ 87,451	$ (19,479)
Other comprehensive income:		
Change in pension benefits, net of tax	33	—
Other comprehensive income:	33	—
Comprehensive income (loss)	$ 87,484	$ (19,479)

The accompanying notes are an integral part of the condensed combined financial statements.

Condensed Combined Balance Sheets
(unaudited, in thousands)

	At September 30, 2024	At December 31, 2023
ASSETS		
Trade receivables	$ 749	$ 208
Inventories (Note 9)	38,763	39,904
Stockpiles	28,803	30,966
Other receivables	17,951	17,364
Other current assets	1,142	505
Current assets	87,408	88,947
Property, plant and mine development, net	1,412,282	1,348,816
Stockpiles	14,557	32,776
Other non-current assets	1,235	1,603
Total assets	$ 1,515,482	$ 1,472,142
LIABILITIES		
Accounts payable	$ 25,483	$ 31,516
Employee-related benefits (Note 8)	10,977	12,196
Income and mining taxes	20,908	—
Other current liabilities (Note 10)	59,977	82,709
Current liabilities	117,345	126,421
Reclamation liabilities (Note 6)	519,148	507,597
Deferred income tax liabilities	166,398	153,158
Employee-related liabilities (Note 8)	21,609	20,440
Total liabilities	824,500	807,616
Commitments and contingencies (Note 11)		
EQUITY		
Accumulated other comprehensive income	273	240
Net Parent investment	690,709	664,286
Total equity	690,982	664,526
Total liabilities and equity	$ 1,515,482	$ 1,472,142

The accompanying notes are an integral part of the condensed combined financial statements.

Condensed Combined Statements of Cash Flows
(unaudited, in thousands)

	Nine Months Ended September 30,	
	2024	2023
Operating activities:		
Net income (loss)	$ 87,451	$ (19,479)
Non-cash adjustments:		
Depreciation and amortization	107,340	84,065
Reclamation	19,086	65,323
Deferred income taxes	13,240	(15,453)
Impairment and other charges	9	4,590
Pension expense	590	536
Other non-cash adjustments	(1,020)	(121)
Change in accounts receivable	(801)	(5,989)
Change in inventories and stockpiles	9,774	(19,609)
Change in accounts payable	(5,346)	24,805
Change in reclamation liabilities	(11,542)	(9,157)
Change in income and mining taxes payable	20,908	5,156
Change in other assets and liabilities	(198)	(4,681)
Net cash provided by operating activities	239,491	109,986
Investing activities:		
Additions to property, plant and mine development	(178,463)	(103,822)
Net cash used in investing activities	(178,463)	(103,822)
Financing activities:		
Payments on lease and other financing obligations	—	(910)
Net transfers to Parent	(61,028)	(5,254)
Net cash used in financing activities	(61,028)	(6,164)
Net change in cash, cash equivalents and restricted cash	—	—
Cash, cash equivalents and restricted cash at beginning of period	—	—
Cash, cash equivalents and restricted cash at end of period	$ —	$ —

The accompanying notes are an integral part of the condensed combined financial statements.

Condensed Combined Statements of Changes in Equity
(unaudited, in thousands)

	Accumulated Other Comprehensive Income	Net Parent Investment	Total Equity
Balance at January 1, 2023	$ 2,274	$ 691,122	$ 693,396
Net loss	—	(19,479)	(19,479)
Other comprehensive income activity	—	—	—
Net transfers to Parent	—	(5,254)	(5,254)
Balance at September 30, 2023	$ 2,274	$ 666,389	$ 668,663
Balance at January 1, 2024	$ 240	$ 664,286	$ 664,526
Net income	—	87,451	87,451
Other comprehensive income activity	33	—	33
Net transfers to Parent	—	(61,028)	(61,028)
Balance at September 30, 2024	$ 273	$ 690,709	$ 690,982

The accompanying notes are an integral part of the condensed combined financial statements.

NOTE 1 ORGANIZATION

In February 2024, the Board of Directors of Newmont Corporation ("Newmont" or "Parent") announced its intention to divest its Porcupine gold mine ("Porcupine" or the "Company").

The interim Condensed Consolidated Financial Statements ("interim statements") of the Company are unaudited. In the opinion of management, all normal recurring adjustments and disclosures necessary for a fair presentation of these interim statements have been included. The results reported in these interim statements are not necessarily indicative of the results that may be reported for the entire year. These interim statements should be read in conjunction with the Company's Combined Financial Statements for the year ended December 31, 2023. The year-end balance sheet data was derived from the audited financial statements, and certain information and footnote disclosures required by accounting principles generally accepted in the United States ("GAAP") have been condensed or omitted.

NOTE 2 BASIS OF PRESENTATION

The condensed combined financial statements of Porcupine have been prepared in accordance with GAAP. The Company historically existed and functioned as an operating segment of Newmont. The condensed combined financial statements were prepared on a standalone basis and were derived from the consolidated financial statements and accounting records of Newmont. The assets, liabilities and operations of Porcupine have historically been held and managed by various legal entities within Newmont and do not represent the operations of a single, separate legal entity or a group of separate legal entities.

The condensed combined statements of operations include all revenues and costs directly attributable to Porcupine's operations. The condensed combined statements of operations also include an allocation of expenses related to certain Newmont corporate functions, including executive management, finance, legal, information technology, human resources and other shared services. These expenses have been allocated based on direct usage or benefit where specifically identifiable, with the remainder allocated using a proportional cost allocation method based primarily on production of gold equivalent ounces.

The Company believes the allocation methodology is reasonable for all periods presented. However, the allocations may not reflect the expenses the Company would have incurred as a standalone entity for the periods presented. Multiple factors, including the chosen organizational structure, division between outsourced and in-house functions, and strategic decisions made in areas such as information technology and capital expenditures, would impact the actual costs incurred by Porcupine. The Company determined that it is not practicable to determine these standalone costs for the periods presented. As a result, the condensed combined financial statements are not indicative of Porcupine's financial condition, results of operations or cash flows had Porcupine operated as a standalone entity during the periods presented, and the results presented in the condensed combined financial statements are not indicative of Porcupine's future financial condition, results of operations or cash flows.

Newmont utilizes a centralized approach to cash management and financing of its operations. These arrangements may not be reflective of the way Porcupine would have financed its operations had it been a separate, standalone entity during the periods presented. The centralized cash management arrangements are excluded from the asset and liability balances in Porcupine's condensed combined balance sheets. These amounts have instead been included in *Net Parent investment* as a component of equity. Newmont's third-party debt and related interest expense have not been attributed to Porcupine because the Company is not the legal obligor of the debt, and the borrowings are not specifically identifiable to Porcupine's operations.

Income tax amounts in the condensed combined financial statements have been calculated using the separate return method and presented as if Porcupine was a separate taxpayer in the respective jurisdictions.

The functional currency of the Company is the United States dollar ("U.S. dollar"). Transaction gains and losses related to foreign currency denominated monetary assets and liabilities where the functional currency is the U.S. dollar are remeasured at current exchange rates and the resulting adjustments are included in *Other (loss) income, net*.

Transactions between Porcupine and Newmont are reflected as *Net Parent investment* in the condensed combined balance sheets and as financing activities in the condensed combined statements of cash flows. Refer to Note 5 for additional information regarding the relationship between Porcupine and Newmont. Intercompany accounts and transactions within Porcupine have been eliminated in the preparation of the condensed combined financial statements.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Risks and Uncertainties

As a mining operation, the Company's revenue, profitability and future rate of growth are substantially dependent on prevailing gold prices. Historically, the commodity markets have been very volatile, and there can be no assurance that gold prices will not be subject to wide fluctuations in the future. A substantial or extended decline in the price of gold could have a material adverse effect on the Company's financial position, results of operations, cash flows, access to capital and on the quantities of reserves that the Company can economically produce. The carrying value of the Company's *Property, plant and mine development, net; Inventories*; *Stockpiles*; and *Deferred income tax assets* are particularly sensitive to the outlook for gold prices. A decline in the Company's price outlook from current levels could result in material impairment charges related to these assets.

The Company is exposed to risks associated with public health crises, including epidemics and pandemics such as COVID-19, and geopolitical and macroeconomic pressures. The Company continues to experience the impacts from recent geopolitical and macroeconomic pressures. With the resulting volatile environment, the Company continues to monitor inflationary conditions, the effects of certain countermeasures taken by central banks, and the potential for further supply chain disruptions as well as an uncertain and evolving labor market.

The following factors could have further potential short- and, possibly, long-term material adverse impacts on the Company including, but not limited to, volatility in commodity prices and the price of gold, changes in the equity and debt markets or country specific factors adversely impacting discount rates, significant cost inflation impacts on production, capital and asset retirement costs, logistical challenges, workforce interruptions and financial market disruptions, energy market disruptions, as well as potential impacts to estimated costs and timing of projects.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the accounting for and recognition and disclosure of assets, liabilities, equity, revenues and expenses. The Company must make these estimates and assumptions because certain information used is dependent on future events, cannot be calculated with a high degree of precision from data available or simply cannot be readily calculated based on generally accepted methodologies. Actual results could differ from these estimates.

Fair Value Accounting

Fair value accounting establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, quoted prices or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability and model-based valuation techniques (e.g. the Black-Scholes model) for which all significant inputs are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and

Level 3 Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company's financial instruments measured on a recurring basis primarily include receivables and payables for which the carrying value approximates fair value due to the short maturities and are classified within Level 1.

The Company's goodwill and long-lived assets are measured on a non-recurring basis and are classified within Level 3.

The Company evaluates its goodwill for impairment annually at December 31 or when events or changes in circumstances indicate that the fair value of a reporting unit is less than its carrying value. Based on the December 31, 2023 review, the Company concluded that goodwill was fully impaired, resulting in the Company recognizing a non-cash impairment charge of $340.8 million. The Company measured the impairment by comparing the total fair value of the existing operations to the corresponding reporting unit carrying value. The estimated fair value was determined using the income approach and is considered a non-recurring level 3 fair value measurement. Significant inputs to the fair value measured included (i) updated cash flow information from the Company's current business and closure plans, (ii) a short-term gold price of $1,750, (iii) a long-term gold price of $1,600, (iv) current estimates of reserves, resources, and exploration potential and (v) a reporting unit discount rate of 4.50%. The selected discount rate incorporates an additional premium related to operational risk at the Company. Porcupine's long-lived assets were evaluated for impairment prior to the quantitative goodwill test at December 31, 2023, and no impairment was identified.

The Company reviews and evaluates its long-lived assets and other assets for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. If the expected future undiscounted cash flows from the use and eventual disposition of the asset or asset group are less than the carrying amount of the assets, an impairment loss is recognized. The Company measures impairment by comparing the total fair value of the existing operations to the carrying value of the corresponding assets.

Recently Issued Accounting Pronouncements

Pillar II

In 2024, Pillar II is set to take effect. The Pillar II agreement was signed by 138 countries with the intent to equalize corporate tax around the world by implementing a global minimum tax of 15%. As the Company primarily does business in jurisdictions with a tax rate greater than 15%, the Company does not anticipate a material impact to the condensed combined financial statements.

Improvement to Income Tax Disclosures

In December 2023, ASU 2023-09 was issued which requires disaggregated information about the effective tax rate reconciliation and additional information on taxes paid that meet a qualitative threshold. The new guidance is effective for annual reporting periods beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impacts of the guidance on its condensed combined financial statements.

NOTE 4 SALES

The Company recognizes revenue from the sale of gold doré produced in Canada.

Trade Receivables

At September 30, 2024 and December 31, 2023, *Trade receivables* consisted of sales from gold doré, which includes provisionally priced carbon fines.

NOTE 5 RELATED PARTY TRANSACTIONS

Historically, Porcupine has been managed and operated in the normal course of business with other affiliates of Newmont. Accordingly, certain shared costs have been allocated to Porcupine and reflected as expenses in the condensed combined financial statements.

The condensed combined financial statements include corporate costs incurred by Newmont for services that are provided to or on behalf of Porcupine. The corporate costs include allocations of costs incurred associated with executive management, finance, legal, information technology, human resources and other shared services. These costs have been allocated to Porcupine based primarily on its production of gold equivalent ounces. Newmont management and Porcupine believe the allocation methodology is reasonable and appropriately represents Newmont’s historical expenses that were attributable to Porcupine. However, the expenses reflected in the condensed combined financial statements may not be indicative of the actual expenses that would have been incurred during the periods presented had Porcupine historically operated as a separate, standalone entity. In addition, the expenses reflected in the condensed combined financial statements may not be indicative of expenses that Porcupine will incur in the future.

The allocated costs in the condensed combined statements of operations were as follows (in thousands):

	Nine Months Ended September 30,	
	2024	**2023**
Costs applicable to sales	$ 12,724	$ 9,208
General and administrative	11,561	8,805
Advanced projects, research and development	2,534	2,346
	$ 26,819	$ 20,359

Shared Facilities

Porcupine shares office space and other non-operational related facilities with Newmont and other Newmont operations where Porcupine is not the primary or exclusive user of the assets. At these shared facilities, the assets have been excluded from the condensed combined balance sheets. However, the Company has been charged a cost for its usage of these shared assets. The amount charged to *General and administrative* in the condensed combined statements of operations was $1.0 million and $0.8 million for the nine months ended September 30, 2024 and 2023, respectively.

NOTE 6 RECLAMATION

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company conducts its operations to protect public health and the environment and believes its operations are in compliance with applicable laws and regulations in all material respects. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such future expenditures. Estimated future reclamation costs are based principally on current legal and regulatory requirements.

The Company's *Reclamation* expense consisted of (in thousands):

	Nine Months Ended September 30,	
	2024	2023
Reclamation accretion	$ 19,000	$ 13,561
Reclamation adjustments and other	86	51,762
Reclamation expense	$ 19,086	$ 65,323

The following are reconciliations of *Reclamation liabilities* (in thousands):

	2024	2023
Balance at January 1,	$ 537,967	$ 430,672
Additions, changes in estimates and other	—	51,763
Payments, net	(11,542)	(9,157)
Accretion expense	19,000	13,561
Balance at September 30,	$ 545,425	$ 486,839

	At September 30, 2024	At December 31, 2023
Current [(1)]	$ 26,277	$ 30,370
Non-current [(2)]	519,148	507,597
	$ 545,425	$ 537,967

(1) The current portion of reclamation liabilities is included in *Other current liabilities*.
(2) The non-current portion of reclamation liabilities is included in *Reclamation liabilities.*

The amounts accrued are reviewed periodically based upon facts and circumstances available at the time. Changes in estimates are recorded in *Other current liabilities* and *Reclamation liabilities* in the period estimates are revised.

Refer to Note 11 for further discussion of reclamation matters.

NOTE 7 INCOME AND MINING TAXES

A reconciliation of the Canadian federal statutory tax rate to the Company's effective income tax rate follows (in thousands, except percentages):

	Nine Months Ended September 30,			
	2024		2023	
Income (loss) before income and mining tax and other items (in thousands)		$ 121,599		$ (29,776)
Canada statutory tax rate	15.0 %	$ (18,240)	15.0 %	$ 4,466
Reconciling items:				
Provincial income taxes	10.0 %	(12,160)	10.0 %	2,978
Impact of foreign exchange	(2.8)%	3,458	0.8 %	245
Mining and other taxes (net of associated federal benefit)	5.9 %	(7,206)	8.8 %	2,608
Income and mining tax (expense) benefit	28.1 %	$ (34,148)	34.6 %	$ 10,297

Mining taxes in Canada represent provincial taxes levied on mining operations and are classified as income taxes as such taxes are based on a percentage of mining profits.

NOTE 8 EMPLOYEE-RELATED BENEFITS

(in thousands)	At September 30, 2024	At December 31, 2023
Current:		
Accrued payroll and withholding taxes	$ 9,413	$ 9,835
Employee pension benefits	406	406
Other employee-related payables	1,158	1,955
	$ 10,977	$ 12,196
Non-current:		
Accrued severance	$ 17,520	$ 16,875
Employee pension benefits	4,089	3,565
	$ 21,609	$ 20,440

Defined Benefit Plan

The Company provides a defined benefit pension plan to eligible employees. Benefits are generally based on years of service and the multiplier negotiated in the collective bargaining agreement. The plan is funded based on local laws and requirements. Pension costs are determined annually by independent actuaries, and the measurement date used for determining the pension plan assets and obligations is December 31 the Company's fiscal year end. The amount charged to *Costs applicable to sales* in the condensed combined statements of operations was $0.9 million and $0.7 million for the nine months ended September 30, 2024 and 2023, respectively, and the amount charged to *Other income, net in the* condensed combined statements of operations was $(0.3) million and $(0.2) million for the nine months ended September 30, 2024 and 2023, respectively.

Defined Contribution and Other Benefit Plans

Newmont has a registered defined contribution pension plan in Canada, which covers salaried and hourly employees. When an employee meets eligibility requirements, Newmont contributes 5% of employees' eligible earnings, plus matches 100% of employee contributions of up to 4% of eligible earnings. Matching contributions are made in cash. In addition, Newmont has one non-qualified supplemental savings plan for executive-level employees whose benefits under the qualified plan are limited by federal regulations. The amount charged to *Costs applicable to sales* in the condensed combined statements of operations was $3.9 million and $3.8 million for the nine months ended September 30, 2024 and 2023, respectively.

NOTE 9 INVENTORIES

(in thousands)	At September 30, 2024	At December 31, 2023
Materials and supplies	$ 29,101	$ 24,132
In-process	5,203	9,666
Precious metals	4,459	6,106
	$ 38,763	$ 39,904

The Company recorded write-downs of $— million and $2.6 million, classified as components of *Costs applicable to sales* for the nine months ended September 30, 2024 and 2023, respectively and recorded write-downs of $— million and $0.9 million classified as components of *Depreciation and amortization* for the nine months ended September 30, 2024 and 2023, respectively, to reduce the carrying value of inventory to net realizable value.

NOTE 10 OTHER CURRENT LIABILITIES

(in thousands)	At September 30, 2024	At December 31, 2023
Reclamation liabilities	$ 26,277	$ 30,370
Accrued capital expenditures	13,440	32,835
Accrued operating costs	12,847	18,776
Accrued royalties	7,382	—
Other	31	728
	$ 59,977	$ 82,709

NOTE 11 COMMITMENTS AND CONTINGENCIES

General

Estimated losses from contingencies are accrued by a charge to income when information available prior to issuance of the condensed combined financial statements indicates that it is probable that a liability could be incurred, and the amount of the loss can be reasonably estimated. Legal expenses associated with the contingency are expensed as incurred. If a loss contingency is not probable or reasonably estimable, disclosure of the contingency and estimated range of loss, if determinable, is made in the condensed combined financial statements when it is at least reasonably possible that a material loss could be incurred.

Environmental Matters

Refer to Note 6 for further information regarding reclamation. Details about certain significant matters are discussed below.

The Porcupine complex is comprised of active open pit and underground mining operations as well as inactive, legacy sites from its extensive history of mining gold in and around the city of Timmins, Ontario since the early 1900s. As a result of these primarily historic mining activities, there are mine hazards in the area that could require some form of reclamation. The Company is conducting studies to better catalog, prioritize, and update its existing information of these historical mine hazards, to inform its closure plans and estimated closure costs. Based on work performed during 2023, a $46.3 million reclamation adjustment was recorded at December 31, 2023, however, on-going studies will extend beyond the current year and could result in future material increases to the reclamation obligation at Porcupine.

Other Commitments and Contingencies

On November 20, 2024, Taykwa Tagamou Nation ("TTN") filed a Statement of Claim against the Ontario government and Newmont, alleging that the resumption of open pit mining at the Pamour mine in Timmins, Ontario, Canada would be without proper consultation or consideration of the cumulative impacts on TTN's traditional territory and Aboriginal rights, and as such, the associated environmental permits previously issued by the Ontario government with respect to Pamour ought to be revoked. TTN is seeking, amongst other things: (i) a stay of all activities authorized under the permits until the case is resolved, (ii) a declaration that Ontario breached its duty to consult and violated Treaty No. 9, and section 35 of the Constitution Act (Canada) 1982, and (iii) general and aggravated damages. Newmont remains steadfast in its commitment to foster meaningful and productive relationships with First Nation communities in Canada, and had undertaken appropriate consultations with various community stakeholders, including TTN and other First Nation groups in the Timmins area – as such, the permits were properly issued by the government. Newmont intends to vigorously defend this matter, but cannot reasonably predict the outcome.

As part of its ongoing business and operations, the Company is required to provide surety bonds and bank letters of credit as financial support for various purposes, including environmental reclamation, exploration permitting, and other general corporate purposes. At September 30, 2024, there were $177.1 million of outstanding letters of credit and surety bonds. The obligations associated with these instruments are generally related to performance requirements that the Company addresses through its ongoing operations. As the specific requirements are met, the beneficiary of the associated instrument cancels and/or returns the instrument to the issuing entity. Certain of these instruments are associated with operating sites with long-lived assets and will remain outstanding until closure. Generally, bonding requirements associated with environmental regulation are becoming more restrictive. However, the Company believes it is in compliance with all applicable bonding obligations and will be able to satisfy future bonding requirements through existing or alternative means, as they arise.

The Company is from time to time involved in various legal proceedings related to its business. Except in the above described environmental matter, management does not believe that adverse decisions in any pending or threatened proceeding or that amounts that may be required to be paid by reason thereof will have a material adverse effect on the Company's financial condition or results of operations.

NOTE 12 SUBSEQUENT EVENTS

These condensed combined financial statements reflect management's evaluation of subsequent events, through January 8, 2025, the date the financial statements were available to be issued.

Porcupine

Combined Financial Statements

At and for the years ended December 31, 2023 and 2022

Index to Financial Statements

EY
Building a better working world

Ernst & Young LLP
370 17th Street
Suite 4800
Denver, Colorado 80202

Tel: +1 (720) 931 4000
www.ey.com

Report of Independent Auditors

Board of Directors
Newmont Corporation

Opinion

We have audited the combined financial statements of the Porcupine gold mine (the Company), which comprise the combined balance sheets as of December 31, 2023 and 2022, and the related combined statements of operations, comprehensive income (loss), changes in equity and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements".

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Ernst & Young LLP

September 30, 2024

Combined Statements of Operations
(in thousands)

	Year Ended December 31,	
	2023	2022
Sales (Note 4)	$ 502,776	$ 503,788
Costs and expenses:		
Costs applicable to sales [(1)]	302,272	283,200
Depreciation and amortization	117,392	103,545
Reclamation (Note 6)	117,895	97,626
Exploration	13,031	13,516
Advanced projects, research and development	8,658	7,018
General and administrative	12,804	14,289
Impairment charges (Note 7)	4,800	340,821
Other expense (income), net	744	(946)
	577,596	859,069
Other income, net	1,327	2,256
Loss before income and mining tax and other items	(73,493)	(353,025)
Income and mining tax benefit (Note 8)	20,862	25,742
Net loss	$ (52,631)	$ (327,283)

(1) Excludes *Depreciation and amortization* and *Reclamation*.

The accompanying notes are an integral part of the combined financial statements.

Combined Statements of Comprehensive Income (Loss)
(in thousands)

	Year Ended December 31,	
	2023	2022
Net loss	$ (52,631)	$ (327,283)
Other comprehensive (loss) income:		
Change in pension benefits, net of tax	(2,034)	393
Other comprehensive (loss) income	(2,034)	393
Comprehensive loss	$ (54,665)	$ (326,890)

The accompanying notes are an integral part of the combined financial statements.

Combined Balance Sheets
(in thousands)

	At December 31,	
	2023	**2022**
ASSETS		
Trade receivables	$ 208	$ 69
Inventories (Note 10)	39,904	34,887
Stockpiles	30,966	18,338
Other receivables	17,364	6,640
Other current assets	505	1,320
Current assets	88,947	61,254
Property, plant and mine development, net (Note 11)	1,348,816	1,303,956
Stockpiles	32,776	27,004
Other non-current assets	1,603	4,278
Total assets	$ 1,472,142	$ 1,396,492
LIABILITIES		
Accounts payable	$ 31,516	$ 24,937
Employee-related benefits (Note 9)	12,196	12,942
Lease and other financing obligations (Note 12)	—	1,049
Other current liabilities (Note 13)	82,709	68,607
Current liabilities	126,421	107,535
Reclamation liabilities (Note 6)	507,597	399,565
Deferred income tax liabilities (Note 8)	153,158	176,318
Employee-related liabilities (Note 9)	20,440	19,333
Other non-current liabilities (Note 13)	—	345
Total liabilities	807,616	703,096
Commitments and contingencies (Note 14)		
EQUITY		
Accumulated other comprehensive income	240	2,274
Net Parent investment	664,286	691,122
Total equity	664,526	693,396
Total liabilities and equity	$ 1,472,142	$ 1,396,492

The accompanying notes are an integral part of the combined financial statements.

**Combined Statements of Cash Flows
(in thousands)**

	Year Ended December 31, 2023	Year Ended December 31, 2022
Operating activities:		
Net loss	$ (52,631)	$ (327,283)
Non-cash adjustments:		
Depreciation and amortization	117,392	103,545
Reclamation	117,895	97,626
Deferred income taxes	(24,032)	(21,661)
Impairment and other charges	7,370	341,687
Pension expense	(1,320)	1,432
Other non-cash adjustments	2,660	1,132
Change in accounts receivable	(10,800)	2,791
Change in inventories and stockpiles	(22,229)	(15,064)
Change in accounts payable	5,860	9,151
Change in reclamation liabilities	(17,064)	(9,606)
Change in other assets and liabilities	1,489	(7,236)
Net cash provided by operating activities	124,590	176,514
Investing activities:		
Additions to property, plant and mine development	(149,441)	(146,146)
Net cash used in investing activities	(149,441)	(146,146)
Financing activities:		
Payments on lease and other financing obligations	(944)	(2,098)
Net transfers from (to) Parent	25,795	(28,270)
Net cash provided by (used in) financing activities	24,851	(30,368)
Net change in cash, cash equivalents and restricted cash	—	—
Cash, cash equivalents and restricted cash at beginning of period	—	—
Cash, cash equivalents and restricted cash at end of period	$ —	$ —

The accompanying notes are an integral part of the combined financial statements.

Combined Statements of Changes in Equity
(in thousands)

	Accumulated Other Comprehensive Income (Loss)	Net Parent Investment	Total Equity
Balance at January 1, 2022	$ 1,881	$ 1,046,675	$ 1,048,556
Net loss	—	(327,283)	(327,283)
Other comprehensive income	393	—	393
Net transfers to Parent	—	(28,270)	(28,270)
Balance at December 31, 2022	2,274	691,122	693,396
Net loss	—	(52,631)	(52,631)
Other comprehensive loss	(2,034)	—	(2,034)
Net transfers from Parent	—	25,795	25,795
Balance at December 31, 2023	$ 240	$ 664,286	$ 664,526

The accompanying notes are an integral part of the combined financial statements.

NOTE 1 ORGANIZATION

In February 2024, the Board of Directors of Newmont Corporation ("Newmont" or "Parent") announced its intention to divest its Porcupine gold mine ("Porcupine" or the "Company").

Porcupine consists of the Hollinger open pit and Hoyle Pond underground operations, located in the city of Timmins, Ontario, as well as the Borden underground operation, located near the town of Chapleau, Ontario. The Porcupine operation is comprised of 699 mining claims, 1,105 mining patents and 157 mining leases, issued under the Ontario Mining Act, encompassing an area of 98,138 acres (39,715 hectares). The Borden operation is comprised of 488 mining cell claims, 530 surface and mining patents and 35 surface and mining leases encompassing an area of 245,232 acres (99,241 hectares). Porcupine had 2.2 million ounces of gold reserves at December 31, 2023.

NOTE 2 BASIS OF PRESENTATION

The combined financial statements of Porcupine have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). The Company historically existed and functioned as an operating segment of Newmont. The combined financial statements were prepared on a standalone basis and were derived from the consolidated financial statements and accounting records of Newmont. The assets, liabilities and operations of Porcupine have historically been held and managed by various legal entities within Newmont and do not represent the operations of a single, separate legal entity or a group of separate legal entities.

The combined statements of operations include all revenues and costs directly attributable to Porcupine's operations. The combined statements of operations also include an allocation of expenses related to certain Newmont corporate functions, including executive management, finance, legal, information technology, human resources and other shared services. These expenses have been allocated based on direct usage or benefit where specifically identifiable, with the remainder allocated using a proportional cost allocation method based primarily on production of gold equivalent ounces.

The Company believes the allocation methodology is reasonable for all periods presented. However, the allocations may not reflect the expenses the Company would have incurred as a standalone entity for the periods presented. Multiple factors, including the chosen organizational structure, division between outsourced and in-house functions, and strategic decisions made in areas such as information technology and capital expenditures, would impact the actual costs incurred by Porcupine. The Company determined that it is not practicable to determine these standalone costs for the periods presented. As a result, the combined financial statements are not indicative of Porcupine's financial condition, results of operations or cash flows had Porcupine operated as a standalone entity during the periods presented, and the results presented in the combined financial statements are not indicative of Porcupine's future financial condition, results of operations or cash flows.

Newmont utilizes a centralized approach to cash management and financing of its operations. These arrangements may not be reflective of the way Porcupine would have financed its operations had it been a separate, standalone entity during the periods presented. The centralized cash management arrangements are excluded from the asset and liability balances in Porcupine's combined balance sheets. These amounts have instead been included in *Net Parent investment* as a component of equity. Newmont's third-party debt and related interest expense have not been attributed to Porcupine because the Company is not the legal obligor of the debt, and the borrowings are not specifically identifiable to Porcupine's operations.

Income tax amounts in the combined financial statements have been calculated using the separate return method and presented as if Porcupine was a separate taxpayer in the respective jurisdictions.

Transactions between Porcupine and Newmont are reflected as *Net Parent investment* in the combined balance sheets and as financing activities in the combined statements of cash flows. Refer to Note 5 for additional information regarding the relationship between Porcupine and Newmont. Intercompany accounts and transactions within Porcupine have been eliminated in the preparation of the combined financial statements.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Risks and Uncertainties

As a mining operation, the Company's revenue, profitability and future rate of growth are substantially dependent on prevailing gold prices. Historically, the commodity markets have been very volatile, and there can be no assurance that gold prices will not be subject to wide fluctuations in the future. A substantial or extended decline in the price of gold could have a material adverse effect on the Company's financial position, results of operations, cash flows, access to capital and on the quantities of reserves that the Company can economically produce. The carrying value of the Company's *Property, plant and mine development, net; Inventories*; *Stockpiles*; and *Deferred income tax assets* are particularly sensitive to the outlook for gold prices. A decline in the Company's price outlook from current levels could result in material impairment charges related to these assets.

The Company is exposed to risks associated with public health crises, including epidemics and pandemics such as COVID-19, and geopolitical and macroeconomic pressures. The Company continues to experience the impacts from recent geopolitical and macroeconomic pressures. With the resulting volatile environment, the Company continues to monitor inflationary conditions, the effects of certain countermeasures taken by central banks, and the potential for further supply chain disruptions as well as an uncertain and evolving labor market.

The following factors could have further potential short- and, possibly, long-term material adverse impacts on the Company including, but not limited to, volatility in commodity prices and the price of gold, changes in the equity and debt markets or country specific factors adversely impacting discount rates, significant cost inflation impacts on production, capital and asset retirement costs, logistical challenges, workforce interruptions and financial market disruptions, energy market disruptions, as well as potential impacts to estimated costs and timing of projects. In light of these challenging conditions, the Company recorded goodwill impairment charges at December 31, 2022. Refer to Note 7 for further information.

Use of Estimates

The preparation of the combined financial statements requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and the related disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses, including allocations from Newmont, during the periods presented. The Company must make these estimates and assumptions because certain information used is dependent on future events, cannot be calculated with a high degree of precision from data available or simply cannot be readily calculated based on generally accepted methodologies. Actual results could differ from these estimates.

The more significant areas requiring the use of estimates and assumptions relate to mineral reserves that are the basis for future cash flow estimates utilized in impairment calculations and units-of-production amortization calculations; environmental remediation, reclamation and closure obligations; estimates of recoverable gold in stockpile inventories; estimates of fair value for asset impairments; write-downs of inventory, stockpiles to net realizable value; post-employment, post-retirement and other employee benefit liabilities; valuation allowances for deferred tax assets; provisional amounts related to income tax effects of newly enacted tax laws; provisional amounts related to uncertain tax positions; and reserves for contingencies and litigation. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Accordingly, actual results may differ from the amounts estimated in these combined financial statements.

Stockpiles and Inventories

As described below, costs that are incurred in or benefit the productive process are accumulated as stockpiles and inventories. Stockpiles and inventories are carried at the lower of average cost or net realizable value. Net realizable value represents the estimated future sales price of the product based on current and long-term metals prices, less the estimated costs to complete production and bring the product to sale. Write-downs of stockpiles and inventories to net realizable value are reported as a component of *Costs applicable to sales* and *Depreciation and amortization*. The current portion of stockpiles and inventories is determined based on the expected amounts to be processed within the next 12 months and utilize the short-term metal price assumption in estimating net realizable value. Stockpiles and inventories not expected to be processed within the next 12 months are classified as non-current and utilize the long-term metal price assumption in estimating net realizable value. The major classifications are as follows:

Stockpiles

Stockpiles represent ore that has been extracted from the mine and is available for further processing. Mine sequencing may result in mining material at a faster rate than can be processed. The Company generally processes the highest ore grade material first to maximize metal production; however, a blend of metal stockpiles may be processed to balance hardness and/or metallurgy in order to maximize throughput and recovery. Processing of lower grade stockpiled ore may continue after mining operations are completed. Sulfide copper ores are subject to oxidation over time which can reduce expected future recoveries. Stockpiles are measured by estimating the number of tons added and removed from the stockpile, the number of contained ounces or pounds (based on assay data) and the estimated metallurgical recovery rates (based on the expected processing method). Stockpile ore tonnages are verified by periodic surveys. Costs are added to stockpiles based on current mining costs incurred including applicable overhead and depreciation and amortization relating to mining operations and removed at each stockpile's average cost per recoverable unit as material is processed. Carrying values are evaluated at least quarterly, in accordance with the above.

In-process Inventory

In-process inventories represent material that is currently in the process of being converted to a saleable product. Conversion processes vary depending on the nature of the ore and the specific processing facility but include mill in-circuit and carbon-in-leach. In-process material is measured based on assays of the material fed into the process and the projected recoveries of the respective processing plants. In-process inventories are valued at the lower of the average cost of the material fed into the process attributable to the source material coming from the mines, stockpiles, plus the in-process conversion costs, including applicable amortization relating to the process facilities incurred to that point in the process or net realizable value.

Precious Metals Inventory

Precious metals inventories include gold doré and/or gold bullion. Precious metals that result from the Company's mining and processing activities are valued at the lower of the average cost of the respective in-process inventories incurred prior to the refining process, plus applicable refining costs or net realizable value.

Materials and Supplies

Materials and supplies are valued at the lower of average cost or net realizable value. Cost includes applicable taxes and freight.

Property, Plant and Mine Development

Facilities and Equipment

Expenditures for new facilities or equipment and expenditures that extend the useful lives of existing facilities or equipment are capitalized and recorded at cost. Facilities and equipment acquired as a part of a finance lease, build-to-suit or other financing arrangement are capitalized and recorded based on the contractual lease terms. The facilities and equipment are depreciated using the straight-line method at rates sufficient to depreciate such capitalized costs over the estimated productive lives of such facilities. These estimated productive lives do not exceed the related estimated mine lives, which are based on proven and probable reserves.

Mine Development

Mine development costs include engineering and metallurgical studies, drilling and other related costs to delineate an ore body, the removal of overburden to initially expose an ore body at open pit surface mines and the building of access ways, shafts, lateral access, drifts, ramps and other infrastructure at underground mines. Costs incurred before mineralization is classified as proven and probable reserves are expensed and classified as *Exploration* or *Advanced projects, research and development* expense. Capitalization of mine development project costs that meet the definition of an asset begins once mineralization is classified as proven and probable reserves.

Drilling and related costs are capitalized for an ore body where proven and probable reserves exist and the activities are directed at obtaining additional information on the ore body or converting measured, indicated and inferred resources to proven and probable reserves. All other drilling and related costs are expensed as incurred. Drilling costs incurred during the production phase for operational ore control are allocated to inventory costs and then included as a component of *Costs applicable to sales*.

The cost of removing overburden and waste materials to access the ore body at an open pit mine prior to the production phase are referred to as "pre-stripping costs." Pre-stripping costs are capitalized during the development of an open pit mine. Where multiple open pits exist at a mining complex utilizing common processing facilities, pre-stripping costs are capitalized at each pit. The removal, production, and sale of de minimis saleable materials may occur during the development phase of an open pit mine and are assigned incremental mining costs related to the removal of that material.

The production phase of an open pit mine commences when saleable minerals, beyond a de minimis amount, are produced. Stripping costs incurred during the production phase of a mine are variable production costs that are included as a component of inventory to be recognized in *Costs applicable to sales* in the same period as the revenue from the sale of inventory.

Mine development costs are amortized using the units-of-production method based on estimated recoverable ounces or pounds in proven and probable reserves. To the extent that these costs benefit an entire ore body, they are amortized over the estimated life of the ore body. Costs incurred to access specific ore blocks or areas that only provide benefit over the life of that area are amortized over the estimated life of that specific ore block or area.

Underground development costs are capitalized as incurred. Costs incurred before mineralization is classified as proven and probable reserves are expensed and classified as *Exploration* or *Advanced projects, research and development* expense. Capitalization of mine development project costs that meet the definition of an asset begins once mineralization is classified as proven and probable reserves.

Mineral Interests

Mineral interests include acquired interests in production, development and exploration stage properties. Mineral interests are capitalized at their fair value at the acquisition date, either as an individual asset purchase or as part of a business combination. Mineral interests in the development and exploration stage are not amortized until the underlying property is converted to the production stage, at which point the mineral interests are amortized over the estimated recoverable proven and probable reserves.

The value of such assets is primarily driven by the nature and amount of mineral interests believed to be contained in such properties. Production stage mineral interests represent interests in operating properties that contain proven and probable reserves and are amortized using the units-of-production method based on the estimated recoverable ounces or pounds in proven and probable reserves. Development stage mineral interests represent interests in properties under development that contain proven and probable reserves. Exploration stage mineral interests represent interests in properties that are believed to potentially contain mineral resources consisting of (i) mineral resources within pits; mineral resources with insufficient drill spacing to qualify as proven and probable reserves; and mineral resources in close proximity to proven and probable reserves; (ii) around-mine exploration potential not immediately adjacent to existing reserves and mineralization, but located within the immediate mine area; (iii) other mine-related exploration potential that is not part of current resources and is comprised mainly of material outside of the immediate mine area; (iv) greenfield exploration potential that is not associated with any other production, development or exploration stage property, as described above; or (v) any acquired right to explore or extract a potential mineral deposit. The Company's mineral rights generally are enforceable regardless of whether proven and probable reserves have been established. In certain limited situations, the nature of a mineral right changes from an exploration right to a mining right upon the establishment of proven and probable reserves. The Company has the ability and intent to renew mineral interests where the existing term is not sufficient to recover all identified and valued proven and probable reserves and/or undeveloped mineral resources.

Goodwill

Goodwill represents the excess of the purchase price over the estimated fair value of the net assets acquired. Goodwill is tested for impairment annually as of December 31 and when events or changes in circumstances indicate that the carrying value of a reporting unit exceeds its fair value.

The Company may elect to perform a qualitative assessment when it is more likely than not that the fair value of a reporting unit is higher than its carrying value. If the Company determines that it is more likely than not that the fair value is less than the carrying value, a quantitative goodwill impairment test is performed to determine the fair value of the reporting unit. The fair value of a reporting unit is determined using either the income approach utilizing estimates of discounted future cash flows or the market approach utilizing recent transaction activity for comparable properties. These approaches are considered Level 3 fair value measurements. If the carrying amount of the reporting unit exceeds its fair value, an impairment loss is recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to the reporting unit.

The estimated cash flows used to assess the fair value of a reporting unit are derived from the Company's current business plans, which are developed using short-term price forecasts reflective of the current price environment and management's projections for long-term average gold prices. In addition to short- and long-term gold price assumptions, other assumptions include estimates of commodity-based and other input costs; capital investments; proven and probable mineral reserves estimates, including the timing and cost to develop and produce the reserves; value beyond proven and probable mineral reserve estimates; estimated future closure costs; the use of appropriate discount rates; and applicable U.S. dollar long-term exchange rates.

Impairment of Long-lived Assets

The Company reviews and evaluates its long-lived assets for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. An impairment loss is measured and recorded based on the estimated fair value of the long-lived assets being tested for impairment, and their carrying amounts. Fair value is typically determined through the use of an income approach utilizing estimates of discounted pre-tax future cash flows or a market approach utilizing recent transaction activity for comparable properties. These approaches are considered Level 3 fair value measurements.

The estimated undiscounted cash flows used to assess recoverability of long-lived assets and to measure the fair value of the Company's mining operations are derived from current business plans, which are developed using short-term price forecasts reflective of the current price environment and management's projections for long-term average metal prices. In addition to short- and long-term metal price assumptions, other assumptions include estimates of commodity-based and other input costs; proven and probable mineral reserve estimates, including the timing and cost to develop and produce the reserves; value beyond proven and probable mineral reserve estimates; estimated future closure costs; and the use of appropriate discount rates.

In estimating undiscounted cash flows, assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of undiscounted cash flows from other asset groups. The Company's estimates of undiscounted cash flows are based on numerous assumptions and it is possible that actual cash flows may differ significantly from estimates, as actual produced reserves, metal prices, commodity-based and other costs, and closure costs are each subject to significant risks and uncertainties.

Leases

The Company determines if a contractual arrangement represents or contains a lease at inception. Operating leases are included in *Other non-current assets* and *Other current* and *non-current liabilities* in the combined balance sheets. Finance leases are included in *Property, plant and mine development, net* and *Other current assets* in the combined balance sheets.

Operating and finance lease right-of-use ("ROU") assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the lease term. When the rate implicit to the lease cannot be readily determined, the Company utilizes its incremental borrowing rate in determining the present value of the future lease payments. The incremental borrowing rate is derived from information available at the lease commencement date and represents the rate of interest that the Company would have to pay to borrow on a collateralized basis over a similar term and amount equal to the lease payments in a similar economic environment. The ROU asset includes any lease payments made and lease incentives received prior to the commencement date. Operating lease ROU assets also include any cumulative prepaid or accrued rent when the lease payments are uneven throughout the lease term. The ROU assets and lease liabilities may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option.

The Company has lease arrangements that include both lease and non-lease components. The Company accounts for each separate lease component and its associated non-lease components as a single lease component for the majority of its asset classes. Additionally, for certain lease arrangements that involve leases of similar assets, the Company applies a portfolio approach to effectively account for the underlying ROU assets and lease liabilities.

Revenue Recognition

The Company generates revenue through the sale of gold produced at its mining operations.

The majority of the Company's *Sales* come from the sale of refined gold; however, the end product is generally doré bars. Doré is an alloy consisting primarily of gold but also containing silver and other metals. Doré is sent to refiners to produce bullion that meets the required market standard of 99.95% gold. Under the terms of the Company's refining agreements, the doré bars are refined for a fee, and the Company's share of the refined gold and the separately-recovered silver is credited to its bullion account. Gold from doré bars credited to its bullion account is typically sold to banks or refiners.

The Company recognizes revenue for gold from doré production when it satisfies the performance obligation of transferring gold inventory to the customer, which generally occurs upon transfer of gold bullion credits as this is the point at which the customer obtains the ability to direct the use and obtains substantially all of the remaining benefits of ownership of the asset.

The Company generally recognizes the sale of gold bullion credits when the credits are delivered to the customer. The transaction price is determined based on the agreed upon market price and the number of ounces delivered. Payment is due upon delivery of gold bullion credits to the customer's account.

Income and Mining Taxes

The Company's income tax provision was prepared using the separate return method. The calculation of income taxes on a separate return basis requires a considerable amount of judgment and use of both estimates and allocations. As a result, actual transactions included in Newmont's consolidated financial statements may not be included in the combined financial statements. Similarly, the tax treatment of certain items reflected in the combined financial statements may not be reflected in Newmont's consolidated financial statements and tax returns. Therefore, items such as net operating losses, credit carryforwards and valuation allowances may exist in the combined financial statements that may or may not exist in Newmont's consolidated financial statements.

All income taxes due to or due from Newmont that have not been settled or recovered by the end of the period are reflected in *Net Parent investment*. Any differences between actual amounts paid or received by the Company and taxes accrued under the separate return method are deemed to be settled and are reflected in *Net Parent investment* in the combined balance sheets.

The Company accounts for income taxes using the liability method, recognizing certain temporary differences between the financial reporting basis of the Company's liabilities and assets and the related income tax basis for such liabilities and assets. This method generates either a net deferred income tax liability or asset for the Company, as measured by the statutory tax rates in effect. The Company derives its deferred income tax charge or benefit by recording the change in either the net deferred income tax liability or asset balance for the year. The financial statement effects of changes in tax law are recorded as discrete items in the period enacted as part of income tax expense or benefit from continuing operations, regardless of the category of income or loss to which the deferred taxes relate. The Company determines if the assessment of a particular income tax effect is "complete." Those effects for which the accounting is determined to be complete are reported in the enactment period financial statements. The Company has exposure to the impact of foreign exchange fluctuations on tax positions, such movements are recorded within *Income and mining tax benefit* related to deferred income tax assets and liabilities.

Mining taxes represent provincial taxes levied on mining operations and are classified as income taxes. As such, taxes are based on a percentage of mining profits.

The Company operates in Canada where uncertainties arise in the application of complex tax regulations. Some of these tax regimes are defined by contractual agreements with the local government, while others are defined by general tax laws and regulations. The Company is subject to reviews of its income tax filings and other tax payments, and disputes can arise with the taxing authorities over the interpretation of its contracts or laws. The Company recognizes potential liabilities and records tax liabilities for anticipated tax audit issues in Canada based on its estimate of whether it is more likely than not, and the extent to which, additional taxes will be due. The Company adjusts these reserves in light of changing facts and circumstances; however, due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from the Company's current estimate of the tax liabilities. If the Company's estimate of tax liabilities proves to be less than the ultimate assessment, an additional charge to expense would result. If the estimate of tax liabilities proves to be greater than the ultimate assessment, a tax benefit would result. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in *Income and mining tax benefit*.

Valuation of Deferred Tax Assets

The Company's deferred income tax assets include certain future tax benefits. The Company records a valuation allowance against any portion of those deferred income tax assets when it believes, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred income tax asset will not be realized. The Company reviews the likelihood that it will realize the benefit of its deferred tax assets and therefore the need for valuation allowances on a quarterly basis, or more frequently if events indicate that a review is required. In determining the requirement for a valuation allowance, the historical and projected financial results of the legal entity or combined group recording the net deferred tax asset is considered, along with all other available positive and negative evidence.

Certain categories of evidence carry more weight in the analysis than others based upon the extent to which the evidence may be objectively verified. The Company looks to the nature and severity of cumulative pretax losses (if any) in the current three-year period ending on the evaluation date, recent pretax losses and/or expectations of future pretax losses. Other factors considered in the determination of the probability of the realization of the deferred tax assets include, but are not limited to:

- Earnings history;
- Projected future financial and taxable income based upon existing reserves and long-term estimates of commodity prices;
- The duration of statutory carry forward periods;
- Prudent and feasible tax planning strategies readily available that may alter the timing of reversal of the temporary difference;
- Nature of temporary differences and predictability of reversal patterns of existing temporary differences; and
- The sensitivity of future forecasted results to commodity prices and other factors.

Concluding that a valuation allowance is not required is difficult when there is significant negative evidence which is objective and verifiable, such as cumulative losses in recent years. The Company utilizes a rolling twelve quarters of pre-tax income or loss as a measure of its cumulative results in recent years. However, a cumulative three year loss is not solely determinative of the need for a valuation allowance. The Company also considers all other available positive and negative evidence in its analysis.

Reclamation Costs

Reclamation obligations associated with Porcupine's operations are recognized when an obligation is incurred and the fair value can be reasonably estimated. Fair value is measured as the present value of expected cash flow estimates, after considering inflation, our credit-adjusted risk-free rates and a market risk premium appropriate for the Company's operations. The liability is accreted over time through periodic charges to earnings. In addition, the asset retirement cost is capitalized as part of the asset's carrying value and amortized over the life of the related asset. Reclamation costs are periodically adjusted to reflect changes in the estimated present value resulting from the passage of time and revisions to the estimates of either the timing or amount of the reclamation costs. Changes in reclamation estimates at mines that are not currently operating, as the mine or portion of the mine site has entered the closure phase and has no substantive future economic value, are reflected in earnings in the period an estimate is revised. The estimated reclamation obligation is based on when spending for an existing disturbance is expected to occur. Costs included in estimated asset retirement obligations are discounted to their present value as cash flows are readily estimable over a period of up to fifty years. The Company reviews, on an annual basis, unless otherwise deemed necessary, the reclamation obligation in accordance with GAAP guidance for asset retirement obligations.

Fair Value Accounting

Fair value accounting establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, quoted prices or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability and model-based valuation techniques (e.g. the Black-Scholes model) for which all significant inputs are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and

Level 3 Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company's financial instruments measured on a recurring basis primarily include receivables and payables for which the carrying value approximates fair value due to the short maturities and are classified within Level 1.

The Company's long-lived assets are subject to fair value measurement as a result of impairment tests performed for the years ended December 31, 2023 and 2022.

Foreign Currency

The functional currency of the Company's operations is the U.S. dollar. Transaction gains and losses related to foreign currency denominated monetary assets and liabilities where the functional currency is the U.S. dollar are remeasured at current exchange rates and the resulting adjustments are included in *Other income, net*. All assets and liabilities are translated into the U.S. dollar using exchange rates in effect at the balance sheet date, while revenues and expenses are translated at the weighted average exchange rates for the period.

Recently Adopted Accounting Pronouncements

Effects of Reference Rate Reform

In March 2020, the Financial Accounting Standards Board's Accounting Standard Update ("ASU") No. 2020-04 was issued which provides optional guidance for a limited period of time to ease the potential burden on accounting for contract modifications caused by reference rate reform. In January 2021, ASU No. 2021-01 was issued which broadened the scope of ASU No. 2020-04 to include certain derivative instruments. In December 2022, ASU No. 2022-06 was issued which deferred the sunset date of ASU No. 2020-04. The guidance is effective for all entities as of March 12, 2020 through December 31, 2024. The guidance may be adopted over time as reference rate reform activities occur and should be applied on a prospective basis. The Company has completed its review of key contracts and does not expect the guidance to have a material impact to the combined financial statements or disclosures. The Company will continue to review new contracts to identify references to the London Interbank Offered Rates and implement adequate fallback provisions if not already implemented to mitigate the risks or impacts from the transition.

Recently Issued Accounting Pronouncements

Pillar II

In 2024, Pillar II is set to take effect. The Pillar II agreement was signed by 138 countries with the intent to equalize corporate tax around the world by implementing a global minimum tax of 15%. As the Company primarily does business in jurisdictions with a tax rate greater than 15%, the Company does not anticipate a material impact to the combined financial statements.

Improvement to Income Tax Disclosures

In December 2023, ASU 2023-09 was issued which requires disaggregated information about the effective tax rate reconciliation and additional information on taxes paid that meet a qualitative threshold. The new guidance is effective for annual reporting periods beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impacts of the guidance on its combined financial statements.

NOTE 4 SALES

The Company recognizes revenue from the sale of gold doré produced in Canada.

Trade Receivables

At December 31, 2023 and 2022, *Trade receivables* wholly consisted of sales from gold doré, which includes provisionally priced carbon fines.

Revenue by Geographic Area

The Company primarily conducts gold sales in U.S. dollars, and therefore *Sales* are not exposed to fluctuations in foreign currencies. Revenues from sales attributed to countries based on the locations of the customer were as follows (in thousands):

	Year Ended December 31,	
	2023	2022
United Kingdom	$ 470,247	$ 502,230
Canada	26,648	1,558
United States	5,881	—
	$ 502,776	$ 503,788

Revenue by Major Customer

As gold can be sold through numerous gold market traders worldwide, the Company is not economically dependent on a limited number of customers for the sales of its product.

In 2023, sales to JPMorgan Chase were $191.1 million (38.0%), Toronto Dominion Bank were $181.5 million (36.1%), and Standard Chartered were $98.0 million (19.5%) of total gold sales. In 2022, sales to Standard Chartered were $316.4 million (62.8%), JPMorgan Chase were $127.0 million (25.2%), and Toronto Dominion Bank were $60.5 million (12.0%) of total gold sales.

NOTE 5 RELATED PARTY TRANSACTIONS

Historically, Porcupine has been managed and operated in the normal course of business with other affiliates of Newmont. Accordingly, certain shared costs have been allocated to Porcupine and reflected as expenses in the combined financial statements.

The combined financial statements include corporate costs incurred by Newmont for services that are provided to or on behalf of Porcupine. The corporate costs include allocations of costs incurred associated with executive management, finance, legal, information technology, human resources and other shared services. These costs have been allocated to Porcupine based primarily on its production of gold equivalent ounces. Newmont management and Porcupine believe the allocation methodology is reasonable and appropriately represents Newmont’s historical expenses that were attributable to Porcupine. However, the expenses reflected in the combined financial statements may not be indicative of the actual expenses that would have been incurred during the periods presented had Porcupine historically operated as a separate, standalone entity. In addition, the expenses reflected in the combined financial statements may not be indicative of expenses that Porcupine will incur in the future.

The allocated costs in the combined statements of operations were as follows (in thousands):

	Year Ended December 31,	
	2023	2022
Costs applicable to sales	$ 15,668	$ 15,039
General and administrative	11,684	13,050
Advanced projects, research and development	3,817	5,434
Exploration	455	635
	$ 31,624	$ 34,158

Shared Facilities

Porcupine shares office space and other non-operational related facilities with Newmont and other Newmont operations where Porcupine is not the primary or exclusive user of the assets. At these shared facilities, the assets have been excluded from the combined balance sheets. However, the Company has been charged a cost for its usage of these shared assets. The amount charged to *General and administrative* in the combined statements of operations was $1.1 million and $1.2 million for the years ended December 31, 2023 and 2022, respectively.

NOTE 6 RECLAMATION

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company conducts its operations to protect public health and the environment and believes its operations are in compliance with applicable laws and regulations in all material respects. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such future expenditures. Estimated future reclamation costs are based principally on current legal and regulatory requirements.

The Company's *Reclamation* expense consisted of (in thousands):

	Year Ended December 31,	
	2023	2022
Reclamation adjustments and other	$ 99,811	$ 90,860
Reclamation accretion	18,084	6,766
Reclamation expense	$ 117,895	$ 97,626

The following are reconciliations of *Reclamation liabilities* (in thousands):

	2023	2022
Balance at January 1,	$ 430,672	$ 231,302
Additions, changes in estimates and other	106,275	202,210
Payments, net	(17,064)	(9,606)
Accretion expense	18,084	6,766
Balance at December 31,	$ 537,967	$ 430,672

	At December 31,	
	2023	2022
Current [(1)]	$ 30,370	$ 31,107
Non-current [(2)]	507,597	399,565
	$ 537,967	$ 430,672

(1) The current portion of reclamation liabilities is included in *Other current liabilities*.
(2) The non-current portion of reclamation liabilities is included in *Reclamation liabilities.*

The amounts accrued are reviewed periodically based upon facts and circumstances available at the time. Changes in estimates are recorded in *Other current liabilities* and *Reclamation liabilities* in the period estimates are revised.

Refer to Note 14 for further discussion of reclamation matters.

NOTE 7 IMPAIRMENT CHARGES

The estimated cash flows utilized in both the long-lived asset and goodwill impairment evaluations are derived from the Company's current business plans. The Company completed its annual business plan update which reflected updated mine plans, certain adverse changes in market conditions, including inflationary pressures to costs and capital, strategic evaluation regarding the use of capital, and updates to asset retirement costs.

Impairment of goodwill

The Company evaluates its goodwill for impairment annually at December 31 or when events or changes in circumstances indicate that the fair value of a reporting unit is less than its carrying value. Based on the December 31, 2023 review, the Company concluded that there was no goodwill impairment.

Based on the December 31, 2022 review, the Company concluded that goodwill was impaired due to a deterioration in underlying cash flows from higher costs due to inflationary pressures and higher capital costs related to safety enhancements and the expansion of the active tailings storage facility, ensuring compliance with Global Industry Standard on Tailings Management, as well as an increase to the asset retirement cost. As a result, a non-cash impairment charge of $340.8 million was recognized, which represented the full goodwill balance prior to impairment. Porcupine's long-lived assets were evaluated for impairment prior to the quantitative goodwill test and no impairment was identified.

The Company measured the impairment by comparing the total fair value of the existing operations to the corresponding reporting unit carrying value. The estimated fair value was determined using the income approach and is considered a non-recurring level 3 fair value measurement. Significant inputs to the fair value measured included (i) updated cash flow information from the Company's current business and closure plans, (ii) a short-term gold price of $1,750, (iii) a long-term gold price of $1,600, (iv) current estimates of reserves, resources, and exploration potential and (v) a reporting unit discount rate of 4.50%. The selected discount rate incorporates an additional premium related to operational risk at the Company.

Impairment of long-lived and other assets

The Company reviews and evaluates its long-lived assets for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. If the expected future undiscounted cash flows from the use and eventual disposition of the asset or asset group are less than the carrying amount of the assets, an impairment loss is recognized. The Company measures impairment by comparing the total fair value of the existing operations to the carrying value of the corresponding assets. The Company recognized a long-lived asset impairment of $4.8 million during the year ended December 31, 2023. The Company had no long-lived asset impairments during the year ended December 31, 2022.

NOTE 8 INCOME AND MINING TAXES

The Company's *Income and mining tax benefit* consisted of (in thousands):

	Year Ended December 31, 2023	Year Ended December 31, 2022
Current:		
Canada	$ (3,170)	$ 4,081
Deferred:		
Canada	24,032	21,661
Income and mining tax benefit	$ 20,862	$ 25,742

The Company's *Loss before income and mining tax and other items* consisted of (in thousands):

	Year Ended December 31, 2023	Year Ended December 31, 2022
Canada	$ (73,493)	$ (353,025)
Loss before income and mining tax and other items	$ (73,493)	$ (353,025)

A reconciliation of the Canadian federal statutory tax rate to the Company's effective income tax rate follows (in thousands, except percentages):

	2023		2022	
Loss before income and mining tax and other items (in thousands)		$ (73,493)		$ (353,025)
Canada statutory tax rate	15.0 %	$ 11,024	15.0 %	$ 52,954
Reconciling items:				
Provincial income taxes	10.0 %	7,349	10.0 %	35,302
Change in valuation allowance on deferred tax assets	4.8 %	3,545	0.6 %	2,282
Impact of foreign exchange	(8.9)%	(6,526)	3.9 %	13,709
Mining and other taxes (net of associated federal benefit)	7.7 %	5,642	2.0 %	6,916
Goodwill write-downs	— %	—	(24.1)%	(85,205)
Other	(0.2)%	(172)	(0.1)%	(216)
Income and mining tax benefit	28.4 %	$ 20,862	7.3 %	$ 25,742

Mining taxes in Canada represent provincial taxes levied on mining operations and are classified as income taxes as such taxes are based on a percentage of mining profits.

Components of the Company's deferred income tax assets (liabilities) are as follows (in thousands):

	At December 31, 2023	At December 31, 2022
Deferred income tax assets:		
Reclamation	$ 129,414	$ 91,693
Net operating losses	816	798
Other	103	975
	130,333	93,466
Valuation allowances	(5,600)	(9,000)
	$ 124,733	$ 84,466
Deferred income tax liabilities:		
Property, plant and mine development	$ (277,891)	$ (260,784)
	(277,891)	(260,784)
Net deferred income tax liabilities	$ (153,158)	$ (176,318)

Valuation of Deferred Tax Assets

The Company assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to utilize the existing deferred tax assets. A significant piece of objective negative evidence evaluated was the recent pretax losses and/or expectations of future pretax losses. Such objective evidence limits the ability to consider other subjective evidence such as the Company's projections for future growth. However, the amount of the deferred tax asset considered realizable could be adjusted if estimates of future taxable income during the carryforward period are increased, if objective negative evidence in the form of cumulative losses is no longer present or if additional weight were given to subjective evidence such as the Company's projections for growth.

The Company recorded a decrease to the valuation allowance of $3.4 million to tax expense for the year ended December 31, 2023 and a decrease to the valuation allowance of $3.0 million to tax expense for the year ended December 31, 2022. Both years were primarily driven by changes in estimated taxable income projections.

Deferred Income Tax Valuation Allowance

(in thousands)	At December 31, 2023	At December 31, 2022
Balance at beginning of year	$ 9,000	$ 12,000
Reduction of deferred income tax expense	(3,400)	(3,000)
Balance at end of year	$ 5,600	$ 9,000

Refer to Note 3 for additional risk factors that could impact the Company's ability to realize the deferred tax assets.

Tax Loss Carryforwards and Unrecognized Tax Benefits

At December 31, 2023 and 2022, the Company had $3.3 million and $3.2 million of net operating loss carry forwards, respectively. These net operating loss carry forwards will expire between 2036 and 2038.

From time to time, Company is subject to a review of its historic income tax filings and in connection with such reviews, disputes can arise with the taxing authorities over the interpretation of or the application of certain rules to the business conducted within the jurisdiction involved. The Company's practice is to recognize interest and/or penalties related to unrecognized tax benefits as part of *Income and mining tax benefit*, if applicable. In the years ended December 31, 2023 and 2022, the Company did not have any unrecognized tax benefits.

NOTE 9 EMPLOYEE-RELATED BENEFITS

(in thousands)	At December 31, 2023	At December 31, 2022
Current:		
Accrued payroll and withholding taxes	$ 9,835	$ 10,445
Employee pension benefits	406	400
Other employee-related payables	1,955	2,097
	$ 12,196	$ 12,942
Non-current:		
Accrued severance	$ 16,875	$ 15,880
Employee pension benefits	3,565	3,453
	$ 20,440	$ 19,333

Defined Benefit Plan

The Company provides a defined benefit pension plan to eligible employees. Benefits are generally based on years of service and the multiplier negotiated in the collective bargaining agreement. The plan is funded based on local laws and requirements. Pension costs are determined annually by independent actuaries, and the measurement date used for determining the pension plan assets and obligations is December 31, the Company's fiscal year end.

The following table provides a reconciliation of changes in the fair value of the plan's benefit obligations and assets for the years ended December 31, 2023 and 2022 (in thousands):

	2023	2022
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 36,875	$ 52,488
Service cost	966	1,741
Interest cost	1,854	1,491
Actuarial loss (gain)	2,416	(13,256)
Foreign currency exchange loss (gain)	947	(3,035)
Benefits paid	(2,770)	(2,554)
Amendments	1,901	—
Projected benefit obligation at end of year	42,189	36,875
Accumulated benefit obligation	$ 42,189	$ 36,875
Change in fair value of assets:		
Fair value of assets at beginning of year	$ 36,987	$ 50,052
Actual return (loss) on plan assets	3,496	(9,128)
Foreign currency exchange gain (loss)	910	(2,971)
Employer contributions	1,506	1,588
Benefits paid	(2,770)	(2,554)
Fair value of assets at end of year	40,129	36,987
(Unfunded) funded status, net:	$ (2,060)	$ 112
Amounts recognized in the combined balance sheets:		
Other non-current assets	$ 1,911	$ 3,965
Employee-related benefits, current	(406)	(400)
Employee-related benefits, non-current	(3,565)	(3,453)
Net amounts recognized	$ (2,060)	$ 112

The Company's registered pension plan is funded with cash contributions in compliance with Canada Revenue Agency rules and regulations.

The significant assumptions used to measure the Company’s benefit obligation were mortality assumptions and discount rate.

The mortality assumptions used to measure the benefit obligation incorporate future mortality improvements from tables published by the Society of Actuaries ("SOA"). In 2022 and 2023, the SOA announced they would not release a new generational projection scale for the related years and instead updated the Mortality Improvement Model tool with the ability to optionally input mortality loads to model differing viewpoints of the ongoing effect of COVID. The Company utilized the Pri-2012 mortality tables and the MP-2021 generational projection scales, with no adjustment for COVID due to the Company not experiencing material mortality gain due to COVID, to measure the pension and other post retirement obligations at December 31, 2023 and 2022.

Yield curves matching the Company's benefit obligations were derived using a model based on high quality corporate bond data from Bloomberg. The model develops a discount rate by selecting a portfolio of high quality corporate bonds whose projected cash flows match the projected benefit payments of the plan. The resulting curves were used to identify a weighted average discount rate for the Company of 4.6% and 5.1% at December 31, 2023 and 2022, respectively, based on the timing of future benefit payments.

Actuarial losses (gains) of $2.4 million and $(13.3) million were recognized in the years ended December 31, 2023 and 2022, respectively, primarily due to changes in the discount rate from the prior year.

The following table provides the net pension benefit amounts recognized in *Accumulated other comprehensive income* (in thousands):

	At December 31,	
	2023	**2022**
Accumulated other comprehensive income:		
Net actuarial gain	$ 2,504	$ 3,487
Prior service credit	(2,162)	(238)
	342	3,249
Less: Income taxes	102	975
Total	$ 240	$ 2,274

The following table provides the components of net periodic benefit cost (in thousands):

	Year Ended December 31,	
	2023	**2022**
Pension benefit cost, net: (1)		
Service cost	$ 966	$ 1,741
Interest cost	1,854	1,491
Expected return on plan assets	(2,029)	(2,182)
Amortization, net	(77)	(11)
Net periodic benefit cost	$ 714	$ 1,039

(1) Service costs are included in *Costs applicable to sales* and the other components of net periodic benefit cost are included in *Other income, net*.

The following table provides the components recognized in *Other comprehensive (loss) income* (in thousands):

	Year Ended December 31,	
	2023	**2022**
Net (loss) gain	$ (949)	$ 1,946
Amortization, net	(77)	(11)
Prior service cost	(1,901)	—
Foreign currency translation	20	(178)
Total recognized in other comprehensive (loss) income	(2,907)	1,757
Total net periodic benefit cost and other comprehensive (loss) income	$ (2,193)	$ 2,796

Actuarial losses in excess of 10 percent of the greater of the projected benefit obligation or market-related value of plan assets are amortized over the expected average remaining future service period of the current active participants.

The significant assumptions in measuring the Company's net periodic benefit cost and other comprehensive loss (income) were discount rate and expected return on plan assets:

	Year Ended December 31,	
	2023	**2022**
Weighted average assumptions used in measuring the net periodic benefit cost:		
Discount rate	5.1 %	2.8 %
Expected return on plan assets	5.5 %	4.5 %

The expected long-term return on plan assets used for each period in the years ended December 31, 2023 and 2022 was determined based on an analysis of the asset returns over multiple time horizons for the Company's actual plan. At December 31, 2023, the Company estimated the expected long-term return on the pension plan's assets to be 6.0%, which will be used to determine future net periodic benefit cost. The Company determines the long-term return on plan assets by considering the most recent capital market forecasts, the plan's current asset allocation and the actual return on plan assets in comparison to the expected return on assets.

The pension plan employs an independent investment firm which invests the assets of the plan in certain approved funds that correspond to specific asset classes with associated target allocations. The goal of the pension fund investment program is to achieve prudent actuarial funding ratios while maintaining acceptable risk levels. The investment performance of the plan and that of the individual investment firms is measured against recognized market indices. The performance of the pension funds are monitored by an investment committee comprised of members of Newmont management, which is advised by an independent investment consultant. The Company did not identify any significant portfolio risks associated with the asset classes. The following is a summary of the target asset allocations for 2023 and the actual asset allocation at December 31, 2023:

Asset Allocation	**Target**	**Actual at December 31, 2023**
Debt securities	60.0 %	58.6 %
Equity securities	36.0 %	36.4 %
Real estate	4.0 %	4.1 %
Cash	— %	0.8 %

Cash equivalent instruments are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices in active markets and are primarily invested in money market securities and U.S. Treasury securities.

Commingled fund investments are managed by several fund managers and are valued at the net asset value per share for each fund. Although the majority of the underlying assets in the funds consist of actively traded equity securities and bonds, the unit of account is considered to be at the fund level. These funds require less than a month’s notice for redemptions and can be redeemed at the net asset value per share.

The following table sets forth the Company's pension plan assets measured at fair value (in thousands):

	Fair Value at December 31,	
	2023	**2022**
Commingled funds:		
Debt securities	$ 23,527	$ 21,275
Equity securities	14,616	13,944
Real estate	1,649	1,446
Cash	337	322
Total	$ 40,129	$ 36,987

Cash Flows

Benefit payments expected to be paid to plan participants at December 31, 2023 are as follows (in thousands):

	Pension Plan
2024	$ 2,017
2025	$ 2,136
2026	$ 2,246
2027	$ 2,322
2028	$ 2,395
Thereafter	$ 13,347

Defined Contribution and Other Benefit Plans

Newmont has a registered defined contribution pension plan in Canada, which covers salaried and hourly employees. When an employee meets eligibility requirements, Newmont contributes 5% of employees’ eligible earnings, plus matches 100% of employee contributions of up to 4% of eligible earnings. Matching contributions are made in cash. In addition, Newmont has one non-qualified supplemental savings plan for executive-level employees whose benefits under the qualified plan are limited by federal regulations. The amount charged to *Costs applicable to sales* in the combined statements of operations was $4.9 million and $5.0 million for the years ended December 31, 2023 and December 31, 2022, respectively.

NOTE 10 INVENTORIES

(in thousands)	At December 31, 2023	At December 31, 2022
Materials and supplies	$ 24,132	$ 21,978
In-process	9,666	9,282
Precious metals	6,106	3,627
	$ 39,904	$ 34,887

The Company recorded write-downs of $2.6 million and $0.9 million, classified as components of *Costs applicable to sales* for the years ended December 31, 2023 and 2022, respectively and recorded write-downs of $0.9 million and $0.2 million classified as components of *Depreciation and amortization* for the years ended December 31, 2023 and 2022, respectively, to reduce the carrying value of inventory to net realizable value.

NOTE 11 PROPERTY, PLANT AND MINE DEVELOPMENT

Property, plant and mine development balances at December 31, 2023 and 2022 were as follows (in thousands):

	Depreciable Life (in years)	At December 31, 2023			At December 31, 2022		
		Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Land		$ 3,105	$ —	$ 3,105	$ 1,085	$ —	$ 1,085
Facilities and equipment [(1)]	1-30	565,577	(170,604)	394,973	417,185	(134,515)	282,670
Mine development	1-30	180,902	(65,442)	115,460	126,242	(37,588)	88,654
Mineral interests	1-30	987,383	(244,632)	742,751	987,368	(195,445)	791,923
Construction-in-progress		92,527	—	92,527	139,624	—	139,624
		$ 1,829,494	$ (480,678)	$ 1,348,816	$ 1,671,504	$ (367,548)	$ 1,303,956

(1) At December 31, 2022, Facilities and equipment included finance lease right of use assets of $1.8 million.

Mineral interests balances at December 31, 2023 and 2022 were as follows (in thousands):

	Depreciable Life (in years)	At December 31, 2023			At December 31, 2022		
		Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Production stage	1-30	$ 456,388	$ (244,632)	$ 211,756	$ 439,254	$ (195,445)	$ 243,809
Exploration stage	[(1)]	530,995	—	$ 530,995	548,114	—	548,114
		$ 987,383	$ (244,632)	$ 742,751	$ 987,368	$ (195,445)	$ 791,923

(1) These amounts are currently non-depreciable as these mineral interests have not reached production stage.

NOTE 12 LEASE AND OTHER FINANCING OBLIGATIONS

The Company has operating and finance leases for mining equipment. The Company's operating leases have a remaining lease term of less than one year at December 31, 2023. At December 31, 2023, the Company did not have any remaining finance leases.

Total lease cost includes the following components (in thousands):

	Year Ended December 31, 2023	Year Ended December 31, 2022
Operating lease cost	$ 645	$ 667
Finance lease cost:		
Amortization of ROU assets	894	2,027
Interest on lease liabilities	10	74
	904	2,101
	$ 1,549	$ 2,768

Supplemental cash flow information related to leases includes the following (in thousands):

	Year Ended December 31,	
	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows relating to operating leases	$ 214	$ —
Operating cash flows relating to finance leases	$ 10	$ 74
Financing cash flows relating to finance leases	$ 944	$ 2,098
Non-cash lease obligations arising from obtaining ROU assets:		
Operating leases	$ 25	$ 49

Information related to lease terms and discount rates is as follows:

	Operating Leases
Weighted average remaining lease term (years)	0.6
Weighted average discount rate	3.5 %

Future minimum lease payments under non-cancellable leases at December 31, 2023, were as follows (in thousands):

	Operating Leases [(1)]
2024	$ 391
2025	—
2026	—
2027	—
2028	—
Thereafter	—
Total future minimum lease payments	391
Less: Imputed interest	12
Total	$ 379

(1) The current portion of operating lease liabilities is included in *Other current liabilities* on the combined balance sheets.

At December 31, 2023, the Company did not have additional leases that had not yet commenced

NOTE 13 OTHER CURRENT LIABILITIES

	At December 31,	
(in thousands)	2023	2022
Accrued capital expenditures	$ 32,835	$ 19,908
Reclamation liabilities	30,370	31,107
Accrued operating costs	18,776	16,844
Other	728	748
	$ 82,709	$ 68,607

NOTE 14 COMMITMENTS AND CONTINGENCIES

General

Estimated losses from contingencies are accrued by a charge to income when information available prior to issuance of the combined financial statements indicates that it is probable that a liability could be incurred, and the amount of the loss can be reasonably estimated. Legal expenses associated with the contingency are expensed as incurred. If a loss contingency is not probable or reasonably estimable, disclosure of the contingency and estimated range of loss, if determinable, is made in the combined financial statements when it is at least reasonably possible that a material loss could be incurred.

Environmental Matters

Refer to Note 6 for further information regarding reclamation. Details about certain significant matters are discussed below.

The Porcupine complex is comprised of active open pit and underground mining operations as well as inactive, legacy sites from its extensive history of mining gold in and around the city of Timmins, Ontario since the early 1900s. As a result of these primarily historic mining activities, there are mine hazards in the area that could require some form of reclamation. The Company is conducting studies to better catalog, prioritize and update its existing information of these historical mine hazards, to inform its closure plans and estimated closure costs. Based on work performed during 2023, of the total $99.8 million reclamation adjustment, $46.3 million was recorded for the year ended December 31, 2023 relating to the hazard studies, however, on-going studies will extend beyond the current year and could result in future material increases to the Company's reclamation obligation.

Other Commitments and Contingencies

As part of its ongoing business and operations, the Company is required to provide surety bonds and bank letters of credit as financial support for various purposes, including environmental reclamation, exploration permitting, and other general corporate purposes. At December 31, 2023, there were $180.7 million of outstanding letters of credit and surety bonds. The obligations associated with these instruments are generally related to performance requirements that the Company addresses through its ongoing operations. As the specific requirements are met, the beneficiary of the associated instrument cancels and/or returns the instrument to the issuing entity. Certain of these instruments are associated with operating sites with long-lived assets and will remain outstanding until closure. Generally, bonding requirements associated with environmental regulation are becoming more restrictive. However, the Company believes it is in compliance with all applicable bonding obligations and will be able to satisfy future bonding requirements through existing or alternative means, as they arise.

The Company is from time to time involved in various legal proceedings related to its business. Except in the above described proceedings, management does not believe that adverse decisions in any pending or threatened proceeding or that amounts that may be required to be paid by reason thereof will have a material adverse effect on the Company's financial condition or results of operations.

NOTE 15 SUBSEQUENT EVENTS

These combined financial statements reflect management's evaluation of subsequent events, through September 30, 2024, the date the financial statements were available to be issued.

Unaudited Pro Forma Consolidated Financial Statements
(Expressed in thousands of Canadian dollars, unless otherwise noted)

DISCOVERY SILVER CORP.

As at September 30, 2024;
For the nine month period ended September 30, 2024; and
For the year ended December 31, 2023

Discovery Silver Corp.

Unaudited Pro Forma Consolidated Statement of Financial Position
As at September 30, 2024
Expressed in thousands of Canadian dollars

	IFRS				
	Discovery Silver Corp	Porcupine (Note 4)	Pro forma adjustments	Notes	Pro forma consolidated
Assets					
Current assets					
Cash and cash equivalents	$ 33,442	$ –	$ (269,980)	2(a)	$383,577
			404,970	2(b)	
			215,145	2(c)	
Sales and value-added tax and other receivables	3,159	24,232	–		27,391
Prepaids and deposits	351	–	–		351
Investments	172	–	–		172
Trade receivables	–	1,011	–		1,011
Inventories	–	52,326	8,163	2(a)	60,489
Stockpiles	–	38,881	32,593	2(a)	71,474
Other current assets	–	1,542	1,011	2(h)	2,553
Total current assets	37,124	117,992	391,902		547,018
Non-current assets					
Property, plant and mine development	1,142	1,943,992	(1,108,457)	2(a)	836,677
Value-added tax receivable	2,328	–	–		2,328
Stockpiles	–	19,650	–		19,650
Mineral properties	84,501	–	–		84,501
Other-non current assets	–	1,670	1,010	2(h)	2,680
Total non-current assets	87,971	1,965,312	(1,107,447)		945,836
Total assets	$ 125,095	$ 2,083,304	$ (715,545)		$ 1,492,854
Liabilities					
Current liabilities					
Accounts payable, accrued, and other liabilities	$ 6,108	$ 34,400	$ 22,100	2(f)	$ 62,608
Current portion of lease liabilities	117	–	–		117
Employee-related benefits	–	14,818	–		14,818
Income and mining taxes	–	28,224	(28,224)		–
Other current liabilities	–	82,499	(1,016)	2(a)	81,483
Net smelter return royalty	–	–	32,832	2(b)	32,832
Total current liabilities	6,225	159,941	25,692		191,858
Non-current liabilities					
Other non-current liabilities	1,042	–	115,238	2(a)	116,280
Lease liabilities	221	–	–		221
Reclamation liabilities	–	736,815	(421,262)	2(a)	315,553
Deferred income tax liabilities	–	230,512	(187,266)	2(a)	43,246
Employee-related liabilities	–	29,170	–		29,170
Net smelter return royalty	–	–	372,138	2(b)	372,138
Total non-current liabilities	1,263	996,497	(121,152)		876,608
Total liabilities	7,488	1,156,438	(95,460)		1,068,466
Shareholder's equity					
Share capital	219,991	–	110,514	2(a)	546,851
			1,201	2(a)	
			215,145	2(c)	
Contributed surplus	43,221	–	–		43,221
Warrants	17,525	–	2,021	2(h)	19,546
Accumulated other comprehensive (loss) income	(1,796)	369	(369)	2(a)	(1,796)
Accumulated deficit	(161,334)	–	(22,100)	2(f)	(183,434)
Net parent investment	–	926,497	(926,497)	2(a)	–
Total shareholder's equity	117,607	926,866	(620,085)		424,388
Total liabilities and shareholder's equity	$ 125,095	$2,083,304	$ (715,545)		$1,492,854

See accompanying notes to the unaudited pro forma consolidated financial statements.

Discovery Silver Corp.

Unaudited Pro Forma Consolidated Statement of Profit (Loss) and Total Comprehensive Income (Loss)
For the nine-month period ended September 30, 2024
Expressed in thousands of Canadian dollars

	Discovery Silver Corp.	Porcupine (Note 4)	Pro forma adjustments	Notes	Pro forma consolidated
Revenues					
Sales	$ –	$ 684,895	$ –		$ 684,895
Expenses					
Costs applicable to sales (1)	–	320,962	–		320,962
Depreciation and amortization	–	149,427	(46,967)	2(d)	102,460
General office and administration	6,507	17,119	–		23,626
Reclamation	–	23,491	(8,053)	2(g)	15,438
Advanced projects, research and development	–	6,333	–		6,333
Exploration and project evaluation expenses	511	4,374	–		4,885
Share-based compensation	2,751	–	–		2,751
Professional fees	1,190	–	–		1,190
Loss on fair value remeasurement	32	–	–		32
Impairment charges	–	12	–		12
Other expenses, net	–	960	1,778	2(h)	2,738
Interest expense	11	–	10,719	2(e)	10,730
Interest income	(1,819)	–	–		(1,819)
Other income	–	(2,279)	–		(2,279)
Foreign exchange loss	3,794	–	–		3,794
Income and mining tax expense (recovery)	–	45,776	(20,167)	2(j)	25,609
Net (loss) income	(12,977)	118,720	62,690		168,433
Other comprehensive loss	(3,193)	–	–		(3,193)
Change in pension benefits, net of tax	–	45	–		45
Total comprehensive (loss) income	(16,170)	118,765	62,690		165,285
Weighted average shares - basic	399,537,915	–	371,018,596	3	770,556,511
Weighted average shares - diluted	399,537,915	–	380,351,206	3	779,889,121
(Loss) earnings per share - basic	(0.03)	–	0.25		0.22
(Loss) earnings per share - diluted	(0.03)	–	0.25		0.22

(1) Excludes Depreciation and Amortization

See accompanying notes to the unaudited pro forma consolidated financial statements

Discovery Silver Corp.

Unaudited Pro Forma Consolidated Statement of Profit (Loss) and Total Comprehensive Income (Loss)
For the year ended December 31, 2023
Expressed in thousands of Canadian dollars

	Discovery Silver Corp.	Porcupine (Note 4)	Pro forma adjustments	Notes	Pro forma consolidated
Revenues					
Sales	$ –	$ 678,597	$ –		$ 678,597
Expenses					
Costs applicable to sales (1)	–	407,977	40,756	2(i)	448,733
Depreciation and amortization	–	162,945	(57,692)	2(d)	105,253
General office and administration	8,653	17,282	22,100	2(f)	48,035
Reclamation	–	166,021	(10,537)	2(g)	155,484
Advanced projects, research and development	–	11,686	–		11,686
Exploration and project evaluation expenses	3,744	17,588	–		21,332
Share-based compensation	5,673	–	–		5,673
Professional fees	1,547	–	–		1,547
Write-off of IVA receivable	1,294	–	–		1,294
Loss on fair value remeasurement	316	–	–		316
Impairment charges	–	6,479	–		6,479
Other expenses, net		1,004	2,360	2(h)	3,364
Interest expense	19	–	14,839	2(e)	14,858
Interest income	(3,095)	–	–		(3,095)
Other income	–	(1,791)	–		(1,791)
Foreign exchange (gain)	(2,399)	–	–		(2,399)
Income and mining tax expense (recovery)	–	(30,652)	5,327	2(j)	(25,325)
Net (loss) income	(15,752)	(79,942)	(17,153)		(112,847)
Other comprehensive income	1,349	–	–		1,349
Change in pension benefits, net of tax	–	(2,745)	–		(2,745)
Total comprehensive loss	(14,403)	(82,687)	(17,153)		(114,243)
Weighted average shares - basic	382,703,062	–	371,018,596	3	753,721,658
Weighted average shares - diluted	382,703,062	–	371,018,596	3	753,721,658
Loss per share - basic	(0.04)	–	(0.11)		(0.15)
Loss per share - diluted	(0.04)	–	(0.11)		(0.15)

(1) Excludes Depreciation and Amortization

See accompanying notes to the unaudited pro forma consolidated financial statements

1. BASIS OF PRESENTATION

On January 27, 2025, Discovery Silver Corporation ("Discovery") and Goldcorp Canada Ltd., a wholly-owned subsidiary of Newmont Corporation ("Newmont"), entered into a proposed Share Purchase Agreement, under which, if executed, Discovery will acquire a 100% share ownership interest in a newly formed entity ("NewCo" or "Porcupine") (the "Transaction"). The Transaction is subject to shareholder approval.

In connection with, and as a condition to closing the Transaction, Discovery shall:

- Execute a net smelter return ("NSR") commitment letter granting a royalty in exchange for cash consideration of USD$300,000 to be used for the Transaction and general working capital purposes (Note 2(b)).
- Execute an equity commitment letter for the issuance and sale by Discovery of its common shares to one or more third parties for the purpose of raising net proceeds of not less than USD$150,000 ("Equity Financing") (Note 2(c)).
- Execute a debt commitment letter to obtain financing through a non-revolving multiple-draw term loan facility for a maximum principal amount of USD$100,000 (the "Commitment Amount") (Note 2(h))

The unaudited pro forma consolidated financial statements are based on the historical consolidated financial statements of Discovery and the historical combined financial statements of Porcupine, adjusted to give effect to the Transaction, and should be read in conjunction with the historical financial statements from which they are derived. Pro forma adjustments are limited to the Transaction accounting adjustments that reflect the accounting for Discovery's acquisition of Porcupine and adjustments of the related financings in accordance with IFRS accounting standards.

The unaudited pro forma consolidated financial statements are presented in Canadian dollars ("CAD"), the presentation currency of Discovery, and prepared in accordance with IFRS accounting standards. The Transaction has been accounted for in the unaudited pro forma consolidated financial statements using the acquisition method under IFRS 3, Business Combinations ("IFRS 3"). Since Porcupine's historical combined financial statements are presented in United States dollars ("USD") and prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), the historical financial information of Porcupine used in the pro forma statements has been converted to IFRS accounting standards and translated into CAD, which is the presentation currency of Discovery (Note 4).

The unaudited pro forma consolidated statement of financial position gives effect to the Transaction as if it had occurred on September 30, 2024, as described in Note 2. The unaudited pro forma consolidated statement of profit (loss) and total comprehensive income (loss) gives effect to the Transaction as if it had occurred on January 1, 2023.

The accompanying unaudited pro forma consolidated statement of financial position as at September 30, 2024, the unaudited pro forma consolidated statement of profit (loss) and total comprehensive income (loss) for the nine-month period ended September 30, 2024, and the unaudited pro-forma consolidated statement of profit (loss) and total comprehensive income (loss) for the year ended December 31, 2023, have been prepared from the information derived from, and should be read in conjunction with:

- Unaudited condensed interim consolidated financial statements of Discovery for the three and nine months ended September 30, 2024 and 2023;
- Unaudited condensed combined financial statements of Porcupine at and for the quarterly period ended September 30, 2024;
- Audited consolidated financial statements of Discovery for the years ended December 31, 2023 and 2022; and

Expressed in thousands of Canadian dollars, unless otherwise noted

- Audited combined financial statements of Porcupine for the years ended December 31, 2023, and 2022;

The assumptions and estimates underlying the adjustments to the unaudited pro forma consolidated financial statements are described in the accompanying notes.

The pro forma adjustments are preliminary, subject to further revision as additional information becomes available and additional analyses are performed. The pro forma adjustments have been made solely for the purpose of providing unaudited pro forma combined financial information and actual adjustments, when recorded, may differ materially. The pro forma consolidated financial statements have been prepared for illustrative purposes only and may not be indicative of the operating results or financial condition that would have been achieved if the Transaction had been completed on the dates or for the periods presented, nor do they purport to project the results of operations or financial position for any future period or as of any future date. In addition to the pro forma adjustments, various other factors will have an effect on the financial condition and results of operations after the completion of the Transaction. The actual financial position and results of operations may differ materially from the pro forma amounts reflected herein due to a variety of factors.

2. PRO FORMA ADJUSTMENTS AND ASSUMPTIONS

(a) Acquisition of Porcupine

Under the terms of the Share Purchase Agreement, Discovery will acquire 100% of the issued and outstanding common shares of Porcupine.

The identifiable assets acquired and liabilities of Porcupine assumed by Discovery are measured at their fair values at the acquisition date (Note 4). The following table summarizes the fair value of Porcupine's assets acquired and liabilities assumed by Discovery:

Assets acquired	
Trade receivables	1,011
Inventories	60,489
Stockpiles	71,474
Other receivables	24,232
Other current assets	1,542
Total current assets	158,748
Property, plant and mine development	835,535
Stockpiles	19,650
Other non-current assets	1,670
Total assets	1,015,603
Liabilities assumed	
Accounts payable, accrued, and other liabilities	34,400
Employee-related benefits	14,818
Other current liabilities	80,597
Total current liabilities	129,815
Reclamation liabilities	315,553
Deferred income tax liabilities	43,246
Employee-related liabilities	29,170
Total liabilities	517,784
Net assets acquired	**497,819**

Expressed in thousands of Canadian dollars, unless otherwise noted

Consideration consists of the following components:	**USD**	**CAD**
Cash paid upon closing	$200,000	$269,980
Fair value of Discovery shares at $0.98/share (i)	81,868	110,514
Deferred cash consideration (ii)	85,368	115,238
Shares issued for settlement of restricted share units (iii)	890	1,201
Payment of transfer taxes on behalf of acquiree (iv)	655	886
	$368,781	**$497,819**

(i) The share consideration has been calculated based on the issuance of 119,716,667 common shares using Discovery's closing share price of $0.98, which is reflective of the closing price on January 24, 2025. The total share consideration paid will be based on the share price as of the date of closing and may change materially.

(ii) Represents the present value of deferred consideration totalling $202,485 (USD$150,000) payable in four tranches on each of December 31, 2027, December 31, 2028, December 31, 2029 and December 31, 2030 discounted at a rate of 12.8% and converted at the period end spot rate of 1.3499, reflected at the present value of $115,238 (USD$85,368) above.

(iii) As part of the terms of the Transaction, existing restricted share units ("RSUs") of Porcupine will be settled by issuing the equivalent value in shares of Discovery.

(iv) In accordance with the share purchase agreement, Discovery is required to pay the land transfer tax on behalf of Porcupine as part of the Transaction. This amount has been included in other current liabilities in the unaudited pro forma consolidated statement of financial position.

This purchase price allocation ("PPA") is preliminary and will be finalized following the effective date of the Transaction when the valuation analysis is complete. It is assumed that the carrying values of Porcupine's assets and liabilities as at September 30, 2024 approximate fair value except for inventories, stockpiles, mineral properties and reclamation liabilities. The final figures could be materially different to those presented in these unaudited pro forma financial statements. Associated transaction costs are expensed and noted in Note 2(f).

The increase to Porcupine's inventories and stockpiles of $40,756 reflects fair value adjustments based on the estimated selling price of inventory, less the remaining production and selling costs and a normal profit margin based on those production and selling efforts.

The net decrease of $422,278 in Porcupine's reclamation liability includes a $1,016 decrease to the current portion, presented in other current liabilities, as well as a $421,262 decrease to the long-term portion, presented as reclamation liabilities. The net decrease reflects fair value adjustments based on the estimated cash flows required to settle the obligation discounted at a rate of 7.0% which is estimated to be Porcupine's after-tax cost of debt. The estimated cash flows include recoverable income taxes related to reclamation expenses.

The decrease to property, plant and mine development of $1,108,457 relates to fair value adjustments to the mineral properties of Porcupine based on the estimated free cash flows generated over the life of the mine discounted at a rate of 22.1%. The 22.1% discount rate is based on the internal rate of return for the Transaction, as well as the weighted average cost of capital.

As a result of the Transaction, Porcupine's shareholder's equity, consisting of net parent investment and accumulated other comprehensive (loss) income, has been eliminated in full.

The income tax adjustments to the pro forma balance sheet result in an overall decrease in the deferred income tax liabilities of $187,266 due to Porcupine's decrease in taxable temporary differences driven primarily by fair value decreases in property, plant and mine development and recognition of a deferred tax asset arising from vendor pre-closing transaction tax planning. These were offset by fair value increases in inventory and stockpiles, fair value decreases in reclamation liabilities, and the initial recognition of the taxable temporary difference on deferred cash consideration.

Expressed in thousands of Canadian dollars, unless otherwise noted

(b) Net smelter return royalty agreement

Reflects expected proceeds received of $404,970 (USD$300,000) to be used for the Transaction and for general working capital purposes converted at the September 30, 2024, period end spot rate of 1.3499.

The royalty shall be payable as in-kind credit in the form of refined gold and refined silver, unless the payee, at its option, elects to receive all or a portion of the royalty as a cash payment. The royalty shall be a rate of 4.25% of net smelter returns in perpetuity at all times prior to the date on which the payee has received in-kind credits of refined gold or silver or cash payments from Discovery in an amount in aggregate equivalent to 72,000 ounces of gold (the “Early Reduction Date”) or the date that Discovery exercises on one single occasion to purchase an undivided 2.00% of the royalty (“Early Reduction Option”). The Early Reduction Option is only exercisable prior to the Early Reduction Date for aggregate consideration equal to the amount required for the payee to realize an unlevered 12% (annual) before tax internal rate of return on USD$100,000 (commencing as of the execution date), taking into account the credits/payments received by the payee on account of the royalty as of such date (“Early Reduction Purchase Price”). At all times following either the Early Reduction Date or the completion of the Early Reduction Option, the royalty shall be a rate of 2.25% of net smelter returns in perpetuity. The current portion of the net smelter return royalty liability of $32,832 reflects the expected payments which would have occurred in the twelve months following September 30, 2024.

(c) Equity Financing

Reflects the expected issuance of 250,000,000 common shares of Discovery for gross proceeds of $225,000 (USD$155,000) through the conversion of subscription receipts which entitles the holder to receive one common share of Discovery upon closing of the Transaction for each subscription receipt held, converted at the January 27, 2025 spot rate of 1.4516. Estimated transaction costs of $9,855 have been included as a share issuance cost resulting in net proceeds of $215,145.

(d) Depreciation and amortization

Adjusts depreciation and amortization as a result of the decrease to property, plant and mine development of $1,108,457 as described in Note 2(a). The following table summarizes the changes in the estimated depreciation expense for property, plant and mine development in Porcupine’s adjusted unaudited condensed combined statement of operations and statement of comprehensive income (loss) for the nine months ended September 30, 2024 and in Porcupine’s combined statement of operations and statement of comprehensive income (loss) for the year ended December 31, 2023:

		Historical depreciation and amortization	Estimated depreciation and amortization	Pro forma adjustment
For the nine months ended September 30, 2024	$	149,427	102,460	(46,967)
For the year ended December 31, 2023	$	162,945	105,253	(57,692)

Expressed in thousands of Canadian dollars, unless otherwise noted

(e) NSR subsequent measurement

Reflects the accretion expense relating to the net smelter return royalty liability had it existed beginning on January 1, 2023. The Net smelter return royalty is expected to meet the definition of a financial liability measured at amortized cost using the effective interest rate method. The accretion expense adjusted for in the pro forma consolidated statement of profit (loss) and total comprehensive income (loss) represents the effective interest rate of the net smelter return royalty liability of 3.7%.

(f) Transaction costs

Recognized in the pro forma consolidated statement of financial position and the pro forma consolidated statement of profit (loss) and total comprehensive income (loss) for the year ended December 31, 2023 is $22,100 of nonrecurring transaction costs directly related to the Transaction that are expected to be incurred subsequent to September 30, 2024.

(g) Reclamation

Adjusts Porcupine's accretion expense as a result of the net decrease to reclamation liability of $421,262 as described in Note 2(a). The following table summarizes the changes in the estimated reclamation expense in Porcupine's adjusted unaudited condensed combined statement of operations and statements of total comprehensive income (loss):

		Historical reclamation	Estimated reclamation	Pro forma adjustment
For the nine months ended September 30, 2024	$	23,491	15,438	(8,053)
For the year ended December 31, 2023	$	166,021	155,484	(10,537)

(h) Term Facility

The term facility shall bear interest at the Secured Overnight Financing Rate ("SOFR") plus 450 basis points per annum and matures 7 years from the date of execution ("Term Facility"). Discovery shall have the right to draw under the Term Facility in advances of at least USD$5,000 for a period of 2 years from the closing of the Term Facility (the "Availability Period") up to the Commitment Amount. Any unutilized portion of the Commitment Amount as of the end of the Availability Period will be permanently cancelled. The first principal payment will not be due until March 31, 2029, at which time quarterly repayments equal to 5% of the aggregate principal amount outstanding at the end of the Availability Period shall be due. Any principal amount and any accrued and unpaid interest remaining outstanding on the maturity date shall be due and payable. In consideration of the lender making the Term Facility available to Discovery, Discovery shall pay an upfront fee equal to 2% of the principal amount of each advance, payable prior to or at the time of each advance. In addition, Discovery shall issue 3,900,000 warrants to the lender, with an exercise price equal to $0.95 Each warrant is exercisable into one common share, which shall have a term of 3 years from the date of issuance. The Term Facility includes a standby fee at a rate of 100bps per annum, calculated daily on the unutilized and uncalled portion of the Commitment Amount until the expiry of the Availability Period.

Expressed in thousands of Canadian dollars, unless otherwise noted

No adjustment has been made to reflect proceeds received under as Discovery does not intend to draw under the Term Facility during the Availability Period. However, transaction costs totalled $2,021 representing the fair value of 3,900,000 warrants issued to the lender at an exercise price of $0.95 per common share and has been included. As at September 30, 2024, $1,011 has been recognized as Other current assets and $1,010 as Other non-current assets to be recognized on a straight-line basis over the Availability Period of the term facility of 2 years. This results in amortization expense of the transaction costs of $758 for the nine months ended September 30, 2024 and $1,011 for the year ended December 31, 2023. The standby fee has been calculated based on an unutilized and uncalled portion of the Commitment amount of USD$100,000 for the relevant period.

The fair values of the warrants issued to the lender are calculated using the Black Scholes model, using the following assumptions:

Volatility	77.75%
Dividend yield	0%
Risk-free interest rate	2.90%
Expected term	3 years

(i) Cost of sales

After the Transaction, the $8,163 step-up in inventory value and the $32,593 step-up in stockpiles value will increase cost of sales over the following twelve months as the inventory is sold, which is reflected in the Pro Forma consolidated statement of profit (loss) and total comprehensive income (loss) for the year ended December 31, 2023.

(j) Income tax

The pro forma income and mining tax expense (recovery) adjustments to the pro forma consolidated statement of profit (loss) and total comprehensive income (loss) of ($20,167) for the nine months ended September 30, 2024 relate primarily to the vendor pre-closing transaction tax planning offset by fair value decreases in property, plant and mine development and reclamation liabilities as described in Note 2(a).

The pro forma income and mining tax expense (recovery) adjustments to the pro forma consolidated statement of profit (loss) and total comprehensive income (loss) of $5,327 for the year ended December 31, 2023, relate to the fair value decreases in property, plant and mine development and reclamation liabilities noted above offset by the accretion recognized on the net smelter return royalty agreement as described further in Note 2(b) and the increase in cost of sales as described further in Note 2(i).

Expressed in thousands of Canadian dollars, unless otherwise noted

3. PRO FORMA SHARE CAPITAL

A reconciliation of the number of outstanding shares of Discovery is as follows:

		No. of shares
Common shares of Discovery as at September 30, 2024		400,226,881
Issuance of common shares to acquire Porcupine	*2(a)*	119,716,667
Issuance of common shares relating to the Equity Financing	*2(c)*	250,000,000
Issuance of common shares relating to settlement of RSUs	*2(a)*	1,301,929
Total pro-forma common shares of Discovery as at September 30, 2024		771,245,477

Pro forma basic and diluted earnings per share is calculated as follows:

	September 30, 2024	December 31, 2023
Historical Discovery basic weighted average shares	399,537,915	382,703,062
Incremental shares issued to acquire Porcupine	119,716,667	119,716,667
Incremental shares issued relating to the Equity Financing	250,000,000	250,000,000
Incremental shares issued relating to the settlement of RSUs	1,301,929	1,301,929
Pro forma combined basic weighted average shares	770,556,511	753,721,658
Impact of dilutive instruments	9,332,610	-
Pro forma combined diluted weighted average shares	779,889,121	753,721,658

On a pro forma basis, the combined company incurred a net loss for the year ended December 31, 2023. As such, all potential shares are excluded from the calculation of pro forma diluted loss per share because they are anti-dilutive.

Basic and diluted earnings (loss) per share has been calculated, assuming all common shares outstanding following the Transaction have been outstanding throughout all periods presented.

4. ADJUSTMENTS TO THE HISTORICAL FINANCIAL INFORMATION OF PORCUPINE

The historical financial information of Porcupine was prepared in accordance US GAAP and presented in USD. The historical financial information was translated from USD to CAD, the presentation currency of the combined entity, using the following historical exchange rates:

	USD to CAD
Period end exchange rate as at September 30, 2024	1.3499
Average exchange rate for the nine-month period ended September 30, 2024	1.3604
Average exchange rate for the year ended December 31, 2023	1.3497

Expressed in thousands of Canadian dollars, unless otherwise noted

The table below presents the conversion from US GAAP to IFRS accounting standards adjustments of Porcupine's adjusted unaudited condensed combined balance sheet as at September 30, 2024:

	US GAAP			IFRS	
	Porcupine USD	US GAAP to IFRS differences USD	Notes	Porcupine USD	Porcupine CAD
Assets					
Current assets					
Trade receivables	$ 749	$ –		$ 749	$ 1,011
Inventories	38,763	–		38,763	52,326
Stockpiles	28,803	–		28,803	38,881
Other receivables	17,951	–		17,951	24,232
Other current assets	1,142	–		1,142	1,542
Total current assets	87,408	–		87,408	117,992
Non-current assets					
Property, plant and mine development	1,412,282	27,819	4(a)	1,440,101	1,943,992
Stockpiles	14,557	–		14,557	19,650
Other-non current assets	1,235	–		1,235	1,670
Total non-current assets	1,428,074	27,819		1,455,893	1,965,312
Total assets	$1,515,482	$ 27,819		$ 1,543,301	$ 2,083,304
Liabilities					
Current liabilities					
Accounts payable, accrued, and other liabilities	$ 25,483	$ –		$ 25,483	$ 34,400
Employee-related benefits	10,977	–		10,977	14,818
Income and mining taxes	20,908	–		20,908	28,224
Other current liabilities	59,977	1,138	4(a)	61,115	82,499
Total current liabilities	117,345	1,138		118,483	159,941
Non-current liabilities					
Reclamation liabilities	519,148	26,681	4(a)	545,829	736,815
Deferred income tax liabilities	166,398	4,364	4(d)	170,762	230,512
Employee-related liabilities	21,609	–		21,609	29,170
Total non-current liabilities	707,155	31,045		738,200	996,497
Total liabilities	824,500	32,183		856,683	1,156,438
Shareholder's equity					
Accumulated other comprehensive income	273	–		273	369
Net parent investment	690,709	(4,364)		686,345	926,497
Total shareholder's equity	690,982	(4,364)		686,618	926,866
Total liabilities and shareholder's equity	$ 1,515,482	$ 27,819		$ 1,543,301	$ 2,083,304

Expressed in thousands of Canadian dollars, unless otherwise noted

The table below presents the conversion from US GAAP to IFRS accounting standards adjustments of Porcupine's adjusted unaudited condensed combined statement of operations and statement of comprehensive income (loss) for the nine months ended September 30, 2024:

	US GAAP			IFRS	
	Porcupine USD	US GAAP to IFRS Difference USD	Notes	Porcupine USD	Porcupine CAD
Revenues					
Sales	$ 503,451	$ –		$ 503,451	$ 684,895
Expenses					
Costs applicable to sales (1)	235,932	–		235,932	320,962
Depreciation and amortization	107,340	2,501	4(b)	109,841	149,427
Reclamation	19,086	(1,819)	4(c)	17,267	23,491
Exploration	3,215	–		3,215	4,374
Advanced projects, research and development	4,655	–		4,655	6,333
General and administrative	12,584	–		12,584	17,119
Impairment charges	9	–		9	12
Other expenses	706	–		706	960
	383,527	682		384,209	522,678
Other income, net	1,675	–		1,675	2,279
Income before income and mining tax and other items	121,599	(682)		120,917	164,496
Income and mining tax (expense) benefit	(34,148)	499	4(d)	(33,649)	(45,776)
Net loss	$ 87,451	(183)		$ 87,268	118,720
Other comprehensive income					
Change in pension benefits, net of tax	(33)	–		(33)	(45)
Other comprehensive income	(33)	–		(33)	(45)
Total net loss and comprehensive income	$ 87,484	$ (183)		$ 87,301	$ 118,765

(1) Excludes Depreciation and Amortization

The table below presents the conversion from US GAAP to IFRS accounting standards adjustments of Porcupine's adjusted unaudited condensed combined statement of operations and statement of comprehensive income (loss) for the year ended December 31, 2023:

	US GAAP			IFRS	
	Porcupine USD	US GAAP to IFRS Difference USD	Notes	Porcupine USD	Porcupine CAD
Revenues					
Sales	$ 502,776	$ –		$ 502,776	$ 678,597
Expenses					
Costs applicable to sales (1)	302,272	–		302,272	407,977
Depreciation and amortization	117,392	3,334	4(b)	120,726	162,945
Reclamation	117,895	5,111	4(c)	123,006	166,021
Exploration	13,031	–		13,031	17,588
Advanced projects, research and development	8,658	–		8,658	11,686
General and administrative	12,804	–		12,804	17,282
Impairment charges	4,800	–		4,800	6,479
Other expenses (income), net	744	–		744	1,004
	577,596	8,445		586,041	790,982
Other income, net	1,327	–		1,327	1,791
Loss before income and mining tax and other items	(73,493)	(8,445)		(81,938)	(110,594)
Income and mining tax benefit	20,862	1,848	4(d)	22,710	30,652
Net loss	$ (52,631)	$ (6,597)		$ (59,228)	$ (79,942)
Other comprehensive (income) loss					
Change in pension benefits, net of tax	2,034	–		2,034	2,745
Other comprehensive (income) loss	2,034	–		2,034	2,745
Total comprehensive (income) loss	$ (54,665)	$ (6,597)		$ (61,262)	$ (82,687)

(1) Excludes Depreciation and Amortization

(a) Reclamation liabilities and Property, Plant and Mine Development

Adjusts Porcupine's reclamation liability to reflect the use of a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability as at September 30, 2024 as required under IFRS accounting standards. The projected cash flows required to settle the obligation have been discounted at a pre-tax discount rate of 4.19% which resulted in an overall increase to the reclamation liability of USD$27,819 (reflected by an increase in other current liabilities of USD$1,138 and an increase in non-current reclamation liabilities of USD$26,681). The increase in the reclamation liability has been adjusted against the property, plant and mine development assets to which it relates.

(b) Depreciation and amortization

Adjusts Porcupine's depreciation and amortization as a result of the increase to property, plant and mine development of USD$27,819 as described in Note 4(a). The following table summarizes the changes in the estimated depreciation expense for property, plant and mine development in Porcupine's adjusted unaudited condensed combined statement of operations and statements of comprehensive income (loss) in thousands of US dollars:

	Historical depreciation and amortization		Estimated depreciation and amortization	US GAAP to IFRS adjustment
For the nine months ended September 30, 2024	USD$	107,340	109,841	2,501
For the year ended December 31, 2023	USD$	117,392	120,726	3,334

(c) Reclamation

Adjusts Porcupine's accretion expense as a result of the decrease to reclamation liabilities of USD$27,819 as described in Note 4(a). The following table summarizes the changes in the estimated reclamation expense in Porcupine's adjusted unaudited condensed combined statement of operations and statements of comprehensive income (loss) in thousands of US dollars:

	Historical reclamation		Estimated reclamation	US GAAP to IFRS adjustment
For the nine months ended September 30, 2024	USD$	19,086	17,267	(1,819)
For the year ended December 31, 2023	USD$	117,895	123,006	5,111

(d) Income taxes

For the purposes of the US GAAP to IFRS adjustments Porcupine's effective income tax rate was 31.4% for the year ended September 30, 2024; for the nine months ended September 30, 2024; and for the year ended December 31, 2023. The effective income tax rate was used in determining adjustments to:

- Increase deferred tax liability by USD$4,364 as at September 30, 2024 as a result of the adjustments to reclamation liabilities and property, plant, and mine development as described in Note 4(a); and
- Decrease income and mining tax expense by USD$499 for the nine-months ended September 30, 2024 and increase income and mining tax benefit by USD$1,848 for the year ended December 31, 2023 as a result of the adjustments to depreciation and amortization and reclamation as described in Note 4(b) and (c).

INVESTOR PRESENTATION

TSX:DSV | OTCQX: DSVSF | **DISCOVERYSILVER.COM**

January 27, 2025

Discoverysilver

ACQUISITION OF NEWMONT’S PORCUPINE COMPLEX

Creating a New Canadian Gold Producer with Upside

DSV

Forward Looking Statement

DSV

This presentation contains "forward-looking information" within the meaning of applicable Canadian securities legislation. All information, other than statements of historical facts, included in this presentation that address activities, events or developments that Discovery Silver Corp. ("**Discovery**" or the "**Company**") expects or anticipates will or may occur in the future, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's businesses, operations, plans and other such matters are forward-looking information.

When used in this presentation, the words "estimate", "plan", "continue", "anticipate", "might", "expect", "project", "intend", "may", "will", "shall", "should", "could", "would", "predict", "predict", "forecast", "pursue", "potential", "believe" and similar expressions are intended to identify forward-looking information. This information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information.

Examples of such forward-looking information include information pertaining to, without limitation, statements with respect to: the anticipated timing and closing of the Transaction (as defined herein); the anticipated benefits of the Transaction, including the impact of the Transaction on the Company's operations, financial condition, cash flows and overall strategy; the Porcupine Complex, including the assumptions and qualifications contained in the Porcupine Technical Report (as defined herein); the completion of the Public Offering (as defined herein); the expected closing dates of the transactions described herein; the exercise of the over-allotment option for the Public Offering; the receipt of all necessary regulatory approvals to effect the Public Offering; the expected use of net proceeds from the Public Offering, which ultimately remains subject to the Company's discretion, as well as the impact of general business, economic and political conditions; the anticipated timing and closing of the financing package from Franco-Nevada (as defined herein) as well as the anticipated use of proceeds therefrom and the impact thereof on the Company's financial condition; receipt of shareholder approvals; the future price of gold and other metals; currency exchange rates and interest rates; favourable operating conditions; political stability; timely receipt of governmental approvals, licenses, and permits (and renewals thereof); access to necessary financing; stability of labour markets and in market conditions in general; availability of equipment; the accuracy of mineral resource estimates, and of any metallurgical testing completed to date; estimates of costs and expenditures to complete our programs and goals; the speculative nature of mineral exploration and development and mining operations in general; there being no significant disruptions affecting the development and operation of the Company's properties; exchange rate assumptions being approximately consistent with assumptions; the availability of certain consumables and services and the prices for power and other key supplies being approximately consistent with assumptions; labour and materials costs being approximately consistent with assumptions; assumptions made in mineral resource estimates, including, but not limited to, geological interpretation, grades, metal price assumptions, metallurgical and mining recovery rates, geotechnical and hydrogeological assumptions, capital and operating cost estimates, and general marketing factors; other statements relating to the financial and business prospects of the Company; information as to the Company's strategy, plans or future financial or operating performance; and other events or conditions that may occur in the future.
Factors that could cause actual results to vary materially from results anticipated by such forward-looking statements include, among others: the satisfaction of all conditions to closing the Transaction, the Public Offering, and the financing package from Franco-Nevada and, in each case, on the timeframes contemplated; the purchase price of the Transaction, subject to post-closing adjustments and the payment of the deferred cash consideration; the successful completion of the Transaction and the Company's ability to obtain the anticipated benefits therefrom; the accuracy of historical and forward-looking operational and financial information and estimates provided by Newmont (as defined herein); the Company's ability to integrate Porcupine into the Company's operations; the accuracy of financial and operational projections of the Company following completion of the Transaction; statements regarding the Porcupine Complex, including the results of technical studies and the anticipated capital and operations costs, sustaining costs, internal rate of return, concession or claim renewal, permitting, economic and scoping-level parameters, mineral resource and/or reserve estimates, the cost of development, mine plans and mining methods, dilution and mining recoveries, processing method and rates and production rates, projected metallurgical recovery rates, infrastructure requirements, capital, operating and sustaining cost estimates, the projected life of mine and other expected attributes of the properties, the net present value, the timing of any environmental assessment processes, changes to configuration that may be requested as a result of stakeholder or government input to the environmental assessment processes, government regulations and permitting timelines, and reclamation obligations; the anticipated use of proceeds of the Public Offering; the timing for completion, settlement and closing of the Public Offering; the satisfaction of the conditions to closing of the Public Offering, including receipt in a timely manner of regulatory and other required approvals and clearances, including the approval of the TSX; the plan of distribution for the Public Offering; the ability to repay the debt financing components of the Franco-Nevada financing package; the anticipated effect of the Transaction on the consolidated capitalization of the Company following the completion of the Public Offering; receipt of shareholder approvals; statements or information concerning the future financial or operating performance of the Company and its business, operations, properties and condition, resource potential, including the potential quantity and/or grade of minerals, or the potential size of a mineralized zone; potential expansion of mineralization; the timing and results of future resource and/or reserve estimates; the timing of other exploration and development plans at the Company's mineral project interests and at Porcupine; the proposed timing and amount of estimated future production and the illustrative costs thereof; requirements for additional capital; environmental risks; general business and economic conditions; delays in obtaining, or the inability to obtain, third-party contracts, equipment, supplies and governmental or other approvals; changes in law, including the enactment of mining law reforms in Mexico; accidents; labour disputes; unavailability of appropriate land use permits; changes to land usage agreements and other risks of the mining industry generally; the inability to obtain financing required for the completion of exploration and development activities; changes in business and economic conditions; international conflicts; other factors beyond the Company's control; and those factors included herein and elsewhere in the Company's public disclosure.

Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated, or intended. See the section entitled "Risk Factors" in the prospectus supplement and the accompanying base shelf prospectus, and in the section entitled "Risk Factors" in the Company's annual information form dated as of March 28, 2024 for the financial year ended December 31, 2023, for additional risk factors that could cause results to differ materially from forward-looking statements.

There can be no assurance that such information will prove to be accurate as actual developments or events could cause results to differ materially from those anticipated. These include, among others, the factors described or referred to elsewhere herein, and include unanticipated and/or unusual events. Many of such factors are beyond the Company's ability to predict or control.

The forward-looking information included in this presentation is expressly qualified by the foregoing cautionary statements. Readers of this presentation are cautioned not to put undue reliance on forward-looking information due to its inherent uncertainty. The Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise, unless required under applicable laws. This forward-looking information should not be relied upon as representing management's views as of any date subsequent to the date of this presentation.

Statements concerning mineral resource estimates may also be deemed to constitute forward-looking statements to the extent they involve estimates of the mineralization that will be encountered if the property is developed and are based on the results of a preliminary economic assessment which is preliminary in nature. Please refer to the Cautionary Language set out in Slide 3

Additional Cautionary Language

DSV

Third Party Information: This presentation includes market and industry data which was obtained from various publicly available sources and other sources believed by the Company to be true. Although the Company believes it to be reliable, the Company has not independently verified any of the data from third-party sources referred to in this presentation or analyzed or verified the underlying reports relied upon or referred to by such sources, or ascertained the underlying assumptions relied upon by such sources. The Company does not make any representation as to the accuracy of such information.

No Investment Advice: This presentation is not, and is not intended to be, an advertisement, prospectus or offering memorandum, and is made available on the express understanding that it does not contain all information that may be required to evaluate and will not be used by readers in connection with, the purchase of or investment in any securities of any entity. This presentation accordingly should not be treated as giving investment advice and is not intended to form the basis of any investment decision. It does not, and is not intended to, constitute or form part of, and should not be construed as, any recommendation or commitment by the Company or any of its directors, officers, employees, direct or indirect shareholders, agents, affiliates, advisors or any other person, or as an offer or invitation for the sale or purchase of, or a solicitation of an offer to purchase, subscribe for or otherwise acquire, any securities, businesses and/or assets of any entity, nor shall it or any part of it be relied upon in connection with or act as any inducement to enter into any contract or commitment or investment decision whatsoever. Readers should not construe the contents of this presentation as legal, tax, regulatory, financial or accounting advice and are urged to consult with their own advisers in relation to such matters.

No Reliance: This presentation does not purport to be comprehensive or to contain all the information that a recipient may need in order to evaluate the transaction or entities described herein. No representation or warranty, express or implied, is given and, so far as is permitted by law and no responsibility or liability is accepted by any person, with respect to the accuracy, fairness or completeness of the presentation or its contents or any oral or written communication in connection with the transaction described herein. In particular, but without limitation, no representation or warranty is given as to the achievement or reasonableness of, and no reliance should be placed for any purpose whatsoever on any projections, targets, estimates or forecasts or any other information contained in this presentation. In providing this presentation, the Company does not undertake any obligation to provide any additional information or to update or keep current the information contained in this presentation or any additional information or to correct any inaccuracies which may become apparent.

Non-IFRS Measures: The Company uses a variety of financial measures to evaluate its performance including both International Financial Reporting Standards ("IFRS") and certain non-IFRS measures that we believe provide useful information to investors regarding the Company's financial condition and results of operations. Readers are cautioned that non-IFRS measures often do not have any standardized meaning, and therefore, are unlikely to be comparable to similar measures presented by other companies. See the section entitled "Financial Information and non-GAAP Measures" in the Company's Management's Discussion and Analysis for the three months and nine months ended September 30, 2024 (the "MD&A"). In this presentation, such non-IFRS measures include, among others: all-in sustaining costs (AISC) and free cash flow (which are described further in the MD&A).

Qualified Persons: The scientific and technical information included in this presentation is derived from the Porcupine Technical Report (as defined herein), which was prepared by Mr. Eric Kallio, P.Geo., an independent consultant to the Company, Mr. Pierre Rocque, P.Eng. of Rocque Engineering Inc., and Dr. Ryan Barnett, P.Geo. of Resource Modelling Solutions Inc. Messrs. Kallio, Rocque and Barnett are independent "Qualified Persons" ("QPs") as such term is defined in NI 43-101. The QP responsible for the Mineral Resource estimates for Hoyle Pond, Borden and Pamour, as provided in the Porcupine Technical Report is Mr. Kallio. The QP responsible for Mineral Resource estimates for Dome as provided in the Porcupine Technical Report is Mr. Barnett. Mr. Rocque acted as QP for the subset of Mineral Resource estimates used in the 2024 LOM plan provided by the Newmont technical services team in the Porcupine Technical Report. Messrs. Kallio, Rocque and Barnett have reviewed and approved the scientific and technical information included in this presentation.

Preliminary Economic Assessment Disclaimer: The Porcupine Technical Report (hereinafter defined) includes the results of a preliminary economic assessment which is preliminary in nature. It includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves and there is no certainty that the preliminary economic assessment will be realized.

Cautionary Note for US Investors

The securities of the Company have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any state securities laws and may not be offered and sold within the United States (as defined in Regulation S under the U.S. Securities Act) except pursuant to an exemption from the registration requirements of the U.S. Securities Act.

IN MAKING ANY INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND THE TERMS OF ANY APPLICABLE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SECURITIES OF THE COMPANY HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR BY ANY STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED ON THE ACCURACY OR ADEQUACY OF THIS PRESENTATION. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Any securities of the Company sold in the United States will be "restricted securities" within the meaning of Rule 144 under the U.S. Securities Act. Such securities may be resold, pledged or otherwise transferred only pursuant to an effective registration statement under the U.S. Securities Act or pursuant to an applicable exemption from the registration requirements of the U.S. Securities Act.

Readers should be aware that the acquisition, holding or disposition of the securities of the Company may have tax consequences both in Canada and the United States. The tax consequences of the acquisition, holding or disposition of such securities for investors who are resident in, or citizens of, the United States are not described herein. Consequently, any prospective investor is advised to consult their own tax advisors regarding the application of federal income tax laws to their particular circumstances, as well as any state, provincial, local, foreign and other tax consequences of investing in the securities of the Company and acquiring, holding or disposing of such securities. **Investing in the Company's securities involves risks. An investment in the Company's securities is suitable only for investors who fully understand, and are capable of bearing, the risks of such investment. Prospective investors should review and consider carefully the information disclosed in the applicable offering documents, including any risk factors described therein.**

Information concerning the exploration potential in this presentation has been prepared in accordance with the requirements of Canadian securities laws, which differ from the requirements of United States securities laws. Unless otherwise indicated, all mineral reserve and mineral resource estimates included or incorporated by reference in this presentation have been prepared in accordance with NI 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum definitions and classification system. NI 43-101 is a rule developed by the Canadian Securities Administrators which establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Canadian standards, including NI 43-101, differ from the requirements of the SEC, and mineral reserve and mineral resource information contained or incorporated by reference in this presentation may not be comparable to similar information disclosed by U.S. companies subject to the reporting and disclosure requirements of the SEC. Any mineral reserves and mineral resources reported by the Company in accordance with NI 43-101 may not qualify as such under the SEC standards.

Transformational Acquisition & Value Creation Opportunity

DSV

Combines quality gold Complex in historic Timmins Camp with management team highly-experienced operating in the area

Right Assets

Creates a new Canadian growing gold producer, ~285 koz/yr (average Years 1-10), Base Case NPV of **$1.2B**[1,2] or **$2.3B** using $2,650/oz LT gold price, with growth potential

Right Terms

Attractive acquisition with consideration of $275M at closing, including $200M in cash and $75M of Discovery equity[3], and $150M of deferred consideration

Favourable $555M[4] Financing Package to results in post-closing cash to Discovery's balance sheet of ~$150M (~C$220M)

Right Team

Highly-experienced management team that knows Timmins and the Porcupine Complex and is committed to growing production, lowering costs and achieving exploration success

Note: All dollar amounts in this presentation are expressed in US dollars, unless otherwise indicated.

1. All scientific and technical information, including operating and financial data for the Porcupine Complex in this presentation are supported by the technical report entitled, "Porcupine Complex, Ontario, Canada, Technical Report on Preliminary Economic Assessment", with an effective date of **January 13, 2025** (the "**Porcupine Technical Report**" or the "**PEA**"), which will be filed by Discovery on or before January 29, 2025 at www.sedarplus.ca, unless otherwise indicated.
2. Economic returns in the Porcupine Technical Report are generated using CIBC World Markets Inc.'s December 2024 consensus gold price estimates, which include: 2025: $2,576/oz; 2026: $2,484/oz; 2027: $2,437/oz; 2028 and beyond: $2,150/oz. Assumes a CAD:USD rate of 0.75x.
3. A total of approximately 120 million of Discovery common shares to be issued to Newmont at a price of per share of C$0.90 (approximately $0.63).
4. Includes $100M senior debt facility that is assumed to be undrawn.

Discoverysilver

Porcupine – Quality Complex in a Tier 1 Gold Camp

DSV

Technical Report Highlights

~285 koz
Avg. Annual production (Years 1-10)

22 Years
Current mine life

3.9 Moz
M&I Resources[1]

12.5 Moz
Inferred Resources[1,2]

$1,504/oz
Average AISC

$1.2B
After-tax $NPV_{5\%}$[2,3]
Base Case
Analyst Consensus

$2.3B
After-tax $NPV_{5\%}$[2,3,4]
LT Price: $2,650/oz
(+23% of Base Case)

Consideration at Closing

$275M
Cash & Discovery Equity

Substantial Value & Growth Potential

1. See full listing of Mineral Resources, with accompanying footnotes, in Appendix 4. Mineral Resources.
2. PEA economic analysis does not include the 11.0 Moz of Inferred Mineral Resources at Dome.
3. Net of royalty payments made in connection to Franco Nevada's 2.25% LOM NSR royalty and 2.00% repayable royalty.
4. Long-term $2,650 per ounce gold price case (+23% to base case) used in sensitivity analysis.

Porcupine – Quality Complex in a Tier 1 Gold Camp

DSV

Close to 70 Moz produced[1] with large resource base and substantial exploration upside

A ***Hoyle Pond: One of Canada's highest-grade gold mines***

- *4 Moz @ ~11 g/t since 1987 – Excellent track record of replacing reserves*
- *10-year remaining mine life @ ~65 koz/year with significant upside potential*

B ***Borden: U/G mine on large, under-explored land position***

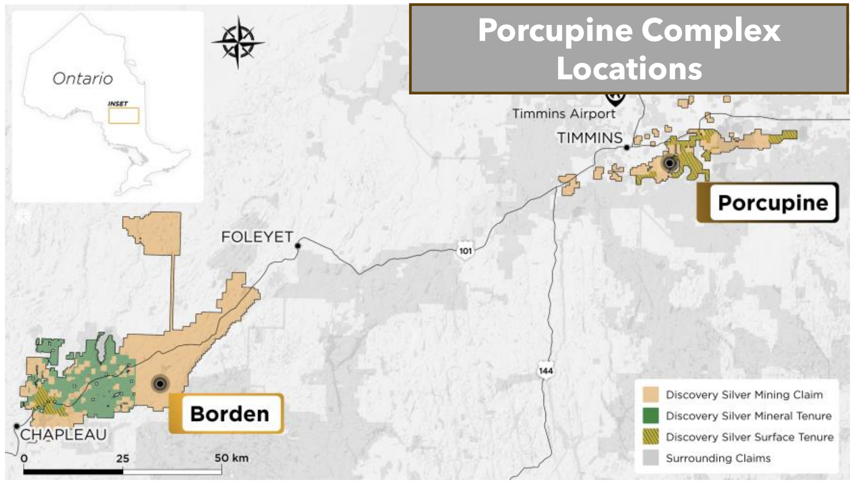
- *514 koz since 2019 with 8-year remaining mine life and potential for more*

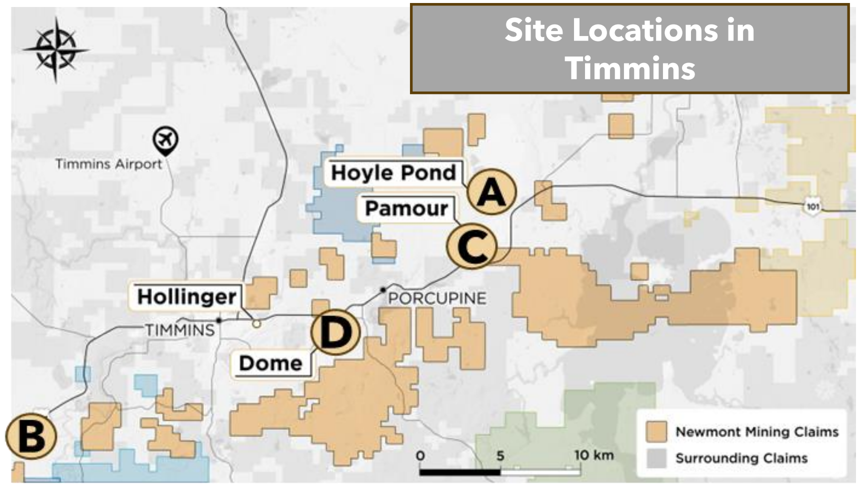
C ***Pamour: New open-pit mine currently under development***

- *~150 koz / year for 22 years commencing in 2025*

D ***Dome: 11 Moz inferred Mineral Resource[2] & large milling facility***

- *3.9 Mtpa mill with optimization potential*
- *Opportunity to resume mining operations with large resource base*





I-8

1. Refers to production from the Porcupine Complex since production commenced at Dome in 1910.
2. Inferred Mineral Resources at Dome not included in PEA economic analysis.

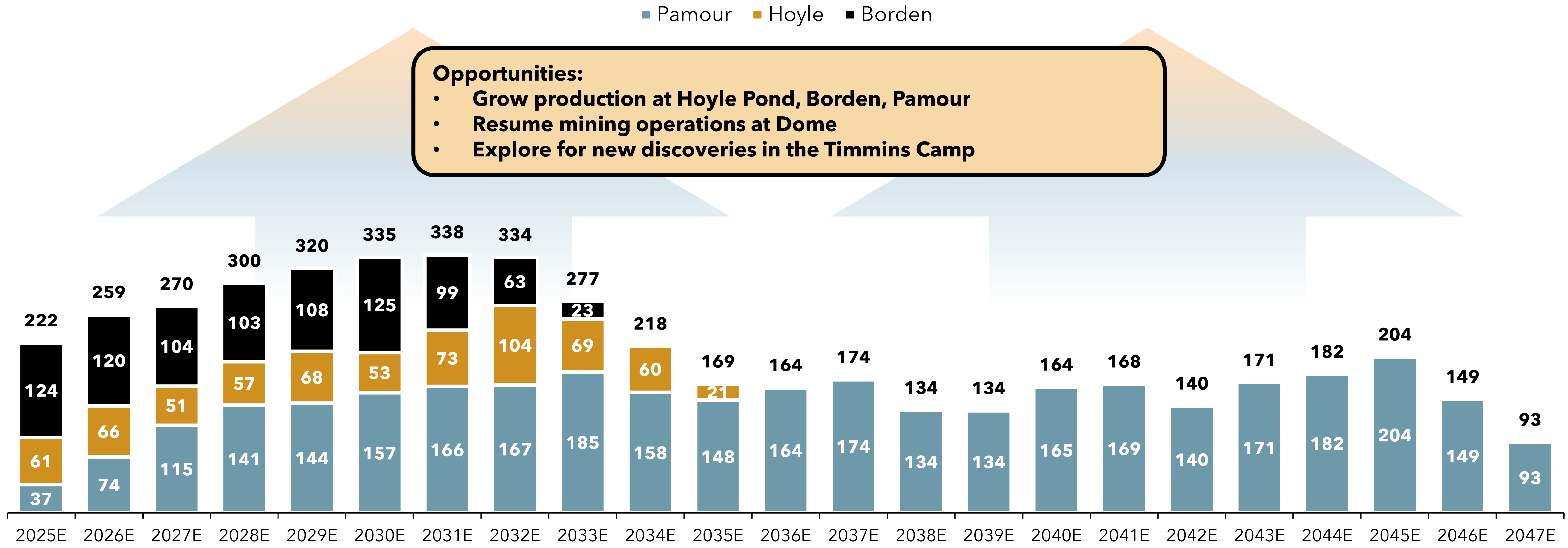
Discoverysilver

Long-Life Production Profile with Substantial Upside

DSV

Targeting growth in production and mine life through optimization, investment & exploration success

Annual Gold Production (koz Au)[1]



I-9

1. Based on recovered ounces.

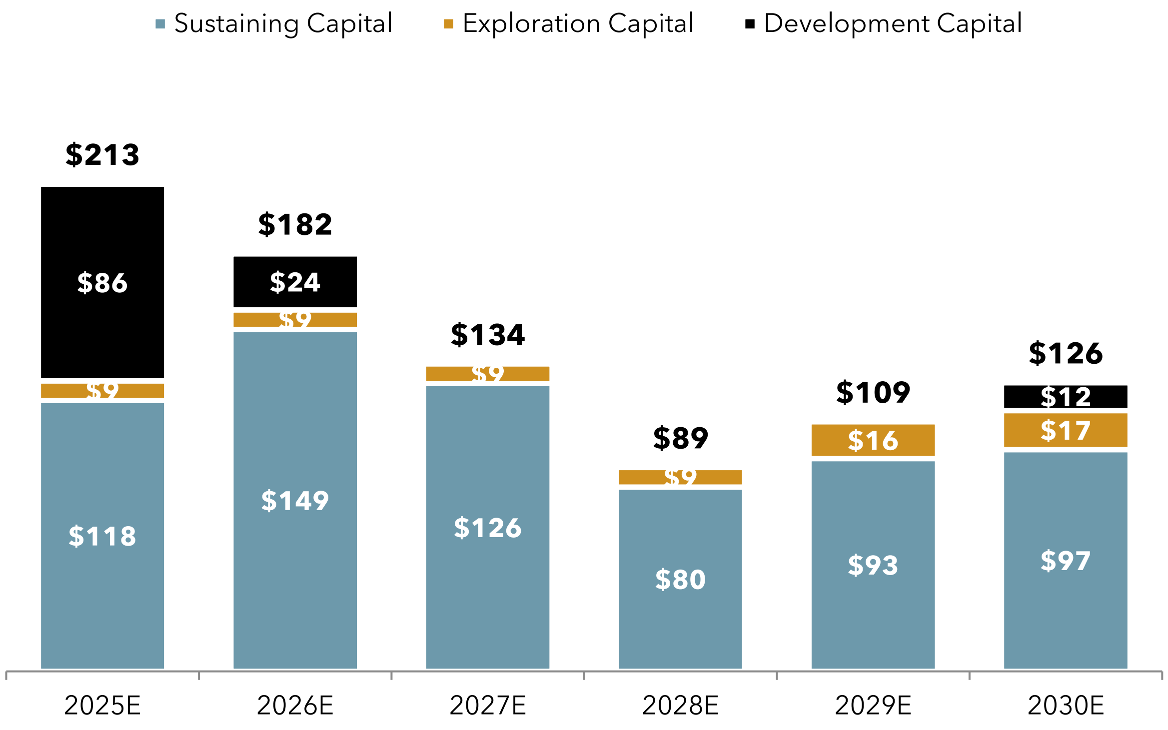
Discoverysilver

PEA Results (@ Consensus Pricing[1])

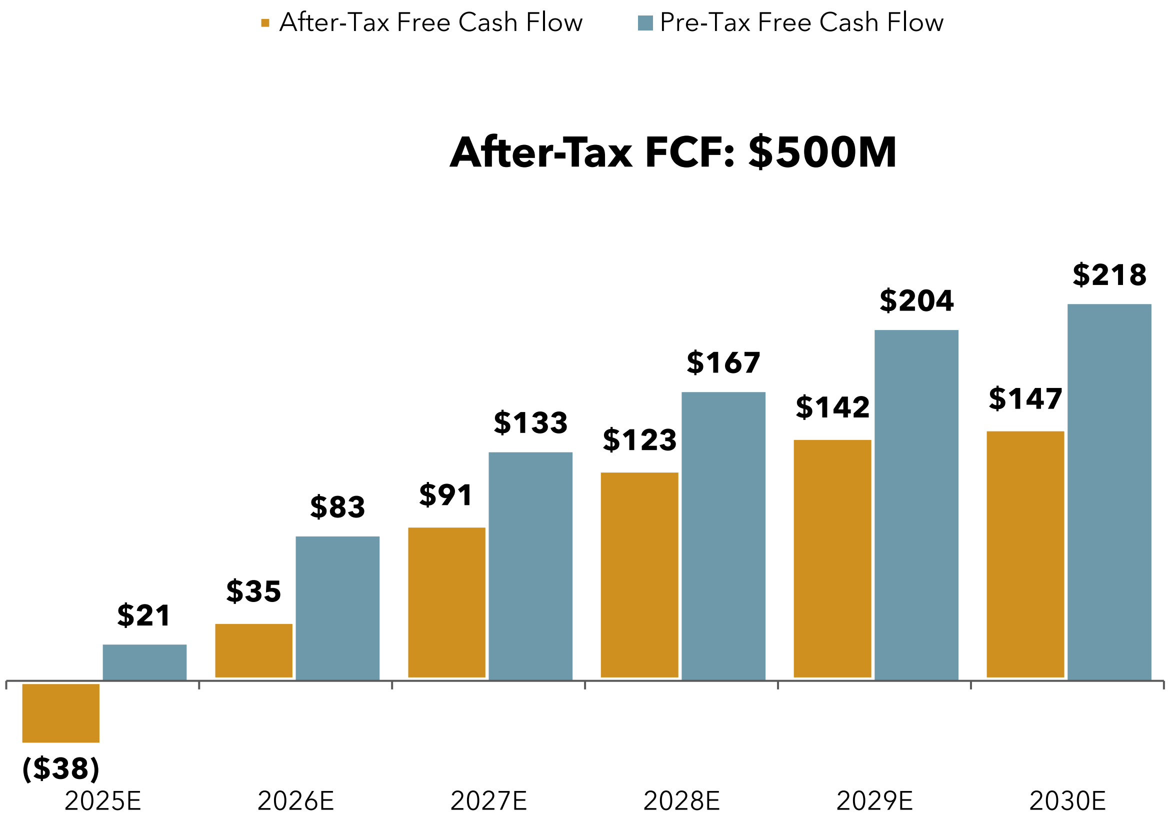
DSV

Significant free cash flow following funding of Pamour project

Capital Expenditures ($M)



Free Cash Flow ($M)



I-10

1. Base case economic returns in the Porcupine Technical Report are generated using CIBC World Markets Inc.'s December 2024 consensus gold price estimates, which include: 2025: $2,576/oz; 2026: $2,484/oz; 2027: $2,437/oz; 2028 and beyond: $2,150/oz. Assumes a CAD:USD rate of 0.75x.

Discoverysilver

Transaction Overview

Transaction	▪ Discovery to acquire from a wholly owned subsidiary of Newmont all the issued and outstanding common shares in a newly created entity (the "**Reorganization**") formed to hold Newmont's 100% interest in the Porcupine Complex (the "**Transaction**")
Consideration	▪ Total consideration of \$425M comprising: o **Upfront cash:** total cash of \$200M payable on completion o **Upfront Discovery shares:** \$75M payable through the issuance of 120 million Discovery common shares upon completion (at same price as bought deal public offering) and subject to a one-year lock-up o **Deferred cash:** \$150M in deferred consideration to be paid in four annual cash payments of \$37.5M commencing on December 31, 2027
Financing	▪ Total financing package of \$555M comprising: o \$400M of royalty and debt financing from Franco-Nevada Corporation ("**Franco-Nevada**") • \$200M from a 2.25% life-of-mine ("**LOM**") NSR royalty • \$100M from a 2.00% repayable NSR royalty (extinguished upon the earlier of receiving payments from production equal to 72 koz of gold or receipt of a one-time early cash payment from Discovery equal to a 12% pre-tax IRR) • \$100M from a senior debt facility (3M SOFR + 450 bps; available for 2 years; no principal repayment for 5 years) o \$155M bought deal public offering of subscription receipts (the "**Public Offering**"); Franco-Nevada committed to approximately \$50M (approximately C\$70M) with a 2-year lock-up agreement in place
Approvals	▪ Discovery shares issued to Newmont that exceed 25% of Discovery's current shares outstanding is subject to shareholder approval (50.1% of shares voting at the meeting).[1] Discovery's two largest shareholders and directors and officers, representing in the aggregate approximately 35% of the issued and outstanding Discovery shares, have entered into voting support agreements pursuant to which they have agreed to, among other things, vote their shares in favour of the share issuance ▪ Completion of Reorganization (requires consent of Ontario Minister of Mines) ▪ Regulatory approvals (including the TSX and under the *Competition Act* (Canada)) and other customary closing conditions
Timing	▪ Acquisition completion expected in the first half of 2025

1. If shareholder approval is not obtained, the value of the Discovery shares that were to be issued to Newmont in excess of 25% will be added to the first deferred payment due on December 31, 2027 in the form of cash.

Transaction Sources & Uses

Significant excess liquidity to fund future exploration, development capital, and other funding initiatives to support and grow the Porcupine Complex

Cash Sources	
Franco-Nevada 2.25% Royalty	$200
Franco-Nevada Repayable Royalty	$100
Bought Deal Public Offering	$155
Total Sources	**$455**
Undrawn Senior Debt Facility	**$100**

Cash Uses	
Upfront Proceeds to Newmont	$200
Acquisition Costs[1]	$30
Surety Bond Collateral[2]	$75
Cash to Discovery Balance Sheet	**$150**
Total Uses	**$455**

I-12

Note: Sources and uses based on cash only items (i.e., excludes share consideration).
1. Estimated transaction costs based on acquisition consideration, bought deal public offering, and assumptions on timing of transaction close.
2. Estimated cash collateral requirements.

A Team Uniquely Qualified to Operate in Timmins

DSV

Extensive experience working in the Timmins Camp

Tony Makuch | Born and raised in Timmins, Ontario

- CEO of Kirkland Lake Gold (2016-2022) – Market cap growth of 15x prior to merger with Agnico Eagle
- CEO of Lake Shore Gold (2008-2016) – Transformed LSG from explorer to producer – ~180 koz/year at AISC <$900/oz (Sold to Tahoe Resources)
- EVP & COO at FNX Mining – Re-developed/opened 3 previously closed mines in Sudbury; Annual production: +10Mlb Cu, +8Mlb Ni, +65 koz PGM/Au
- 45 years experience in Timmins and Northern Ontario – progressive operations, management, to executive leadership

Gord Leavoy | Born and raised in Timmins, Ontario

- VP of Mineral Processing at Kirkland Lake Gold (2016-2022)
- Mill Manager at Bell Creek Mill (2011-2016), Mill General Foreman at Bell Creek Mill (1998-2002) & Dome Mill (2005-2011)
- Processing and zinc plant operations at Kidd Metallurgical Site (1980-1996)
- ~40 years experience in Timmins and Northern Ontario

Eric Kallio | Raised in Timmins, Ontario

- SVP Exploration at Kirkland Lake Gold (2018 – 2022) & Lake Shore Gold (2009 – 2016)
- Instrumental in discovery/advancement of projects including Dome Mine Open Pit, Detour Lake Open Pit, Timmins West & Bell Creek
- ~40 years working in Timmins and Northern Ontario – Chief Geologist at Dome from 1988 – 1996

Duncan King | Born and raised in Timmins, Ontario

- VP Canadian Operations at Kirkland Lake gold (2019-2022)
- Mine Manager at Bell Creek Mine (2013-2016)
- General Superintendent at Timmins West Mine (2008-2012)
- Hoyle Pond Mine – General Operations (1993-1999)
- +30 years working in Timmins and Northern Ontario

Substantial Upside – Near-Mine Exploration

DSV

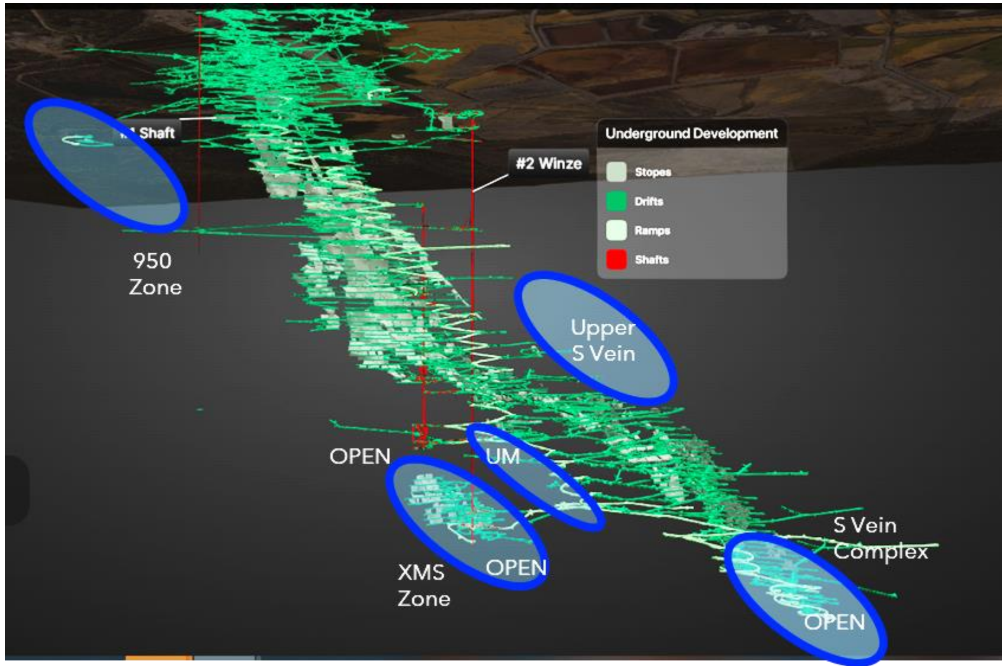
Multiple targets with little or no drilling in recent years

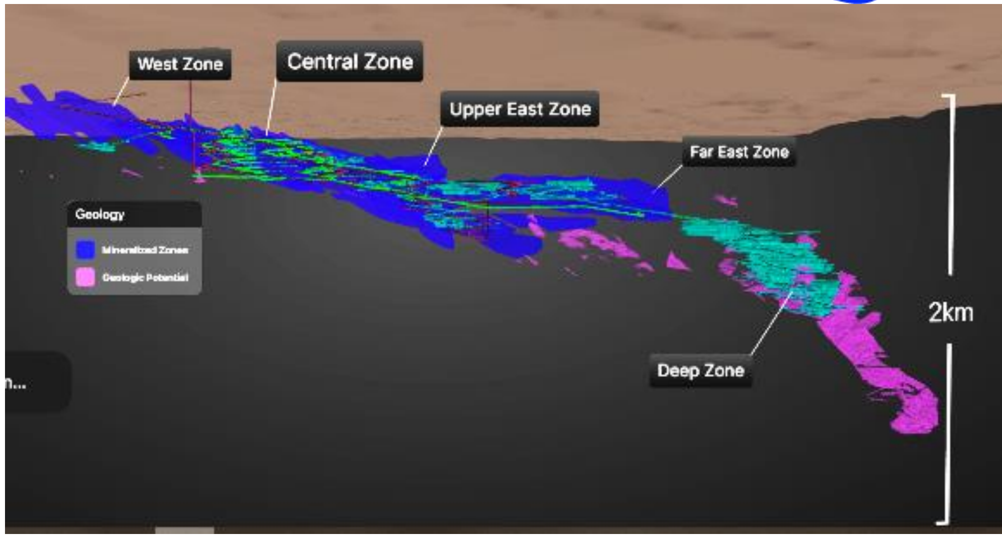
Hoyle Pond

- S Zone Deep, S Zone Upper, XMS Zone, TVZ Zone, PST Zone, Owl Creek Zone

Borden

- Depth extensions and open along strike to east and west
- Large number of prospects with little or no previous drilling





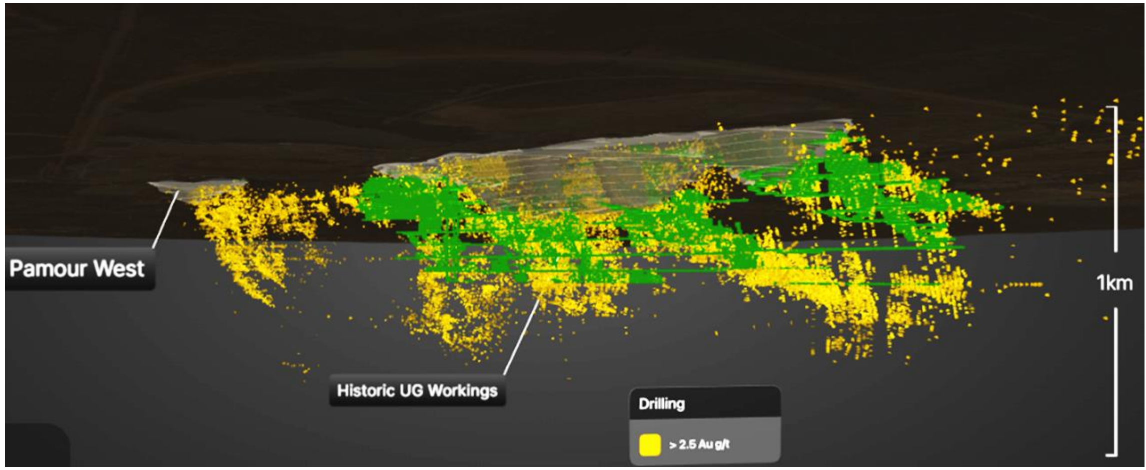
DSV

Substantial Upside – Near-Mine Exploration

Multiple targets with little or no drilling in recent years

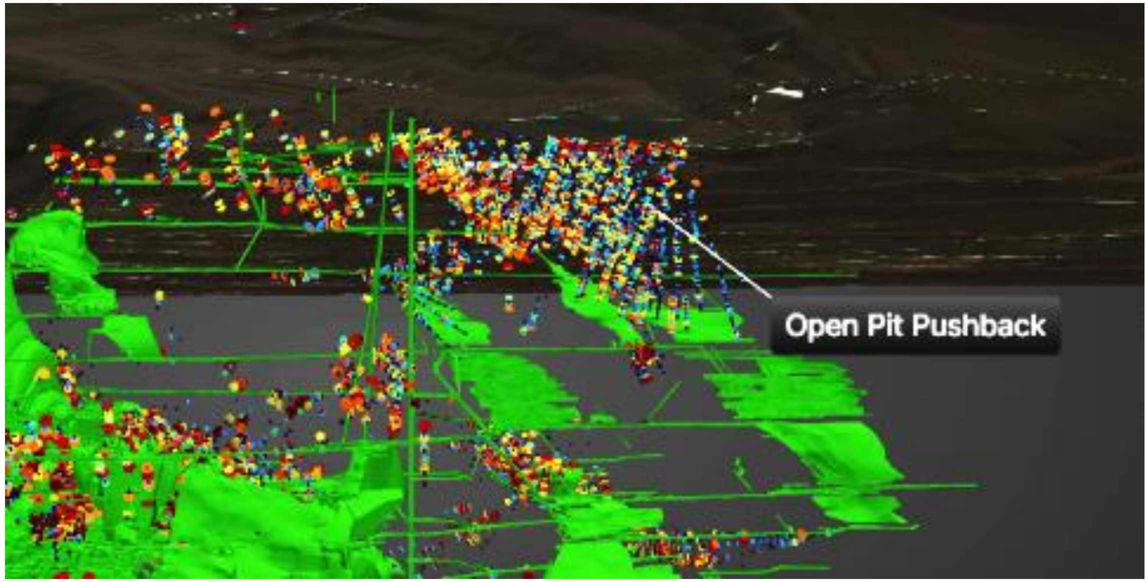
Pamour

- Remains open at depth and along strike of the old underground workings
- Potential to extend mineralization to the north of the current Mineral Resource model
- Pamour West open at depth; potential between Pamour and Pamour West a



Dome

- Upgrade existing Inferred Mineral Resources[1]
- Establish Mineral Resources within blocks where existing drill density is insufficient
- Potential to establish Mineral Resources amenable to underground mining through drilling and supporting studies



I-15

1. Inferred Mineral Resources at Dome not included in PEA economic analysis.

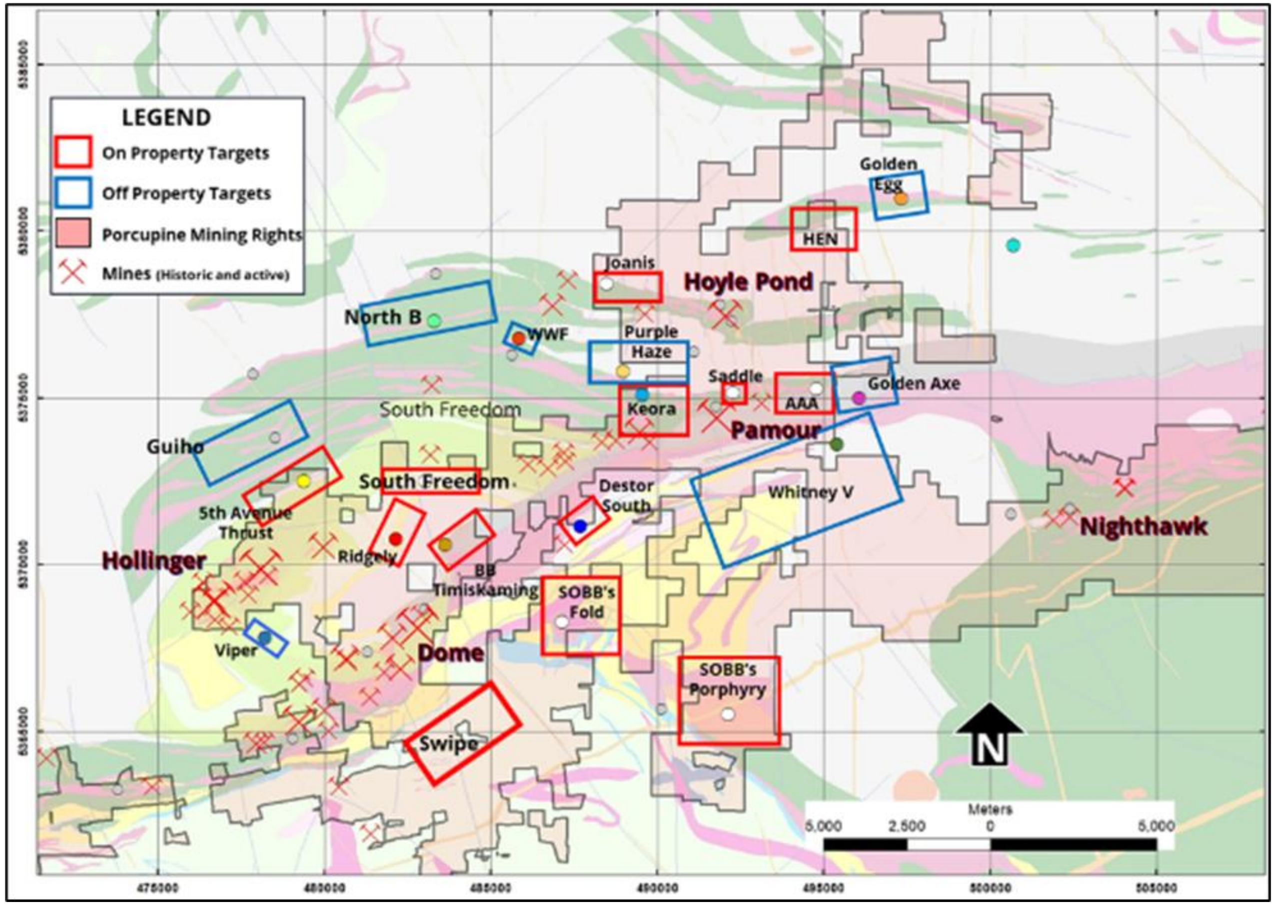
Substantial Upside – Regional Exploration

DSV

Exploration key to growth in production, Mineral Resources and mine life extensions

Key Regional Exploration Targets

- Multiple targets in Timmins along Destor-Porcupine fault zone
- Legacy sites provide numerous opportunities at depth and along strike of the Hollinger–McIntyre trend, Broulan, Coniaurum, Owl Creek Deep, and Paymaster zones
- Numerous opportunities at Borden, zones west of Borden ramp and the Roswell East and West zones show prospectivity



I-16

Discoverysilver

Substantial Upside – Optimization and Growth

DSV

Opportunities to grow production and reduce costs

Grow Production	• **Grow production and lower costs** at Borden and Hoyle Pond • Investments to improve ventilation, haulage, equipment, mining and back fill processes, ground support and material handling
Develop Pamour	• **Optimize Pamour Project** • Opportunities include reducing/eliminating waste rock rehandling, evaluating potential to replace truck haulage to Dome Mill with conveyors/Rail-veyors, and improving drilling methodologies
Dome Mine Project	• **11.0 Moz Inferred Mineral Resource estimated at Dome[1]** • Mineral Resource reported based an open pit mining assuming production of 20,000 tpd milled
Improve Milling Ops	• **Improve performance at Dome Mill** • Lower costs and increase mill throughput through optimization and debottlenecking • Increase utilization rates through improved material handling & maintenance processes • improve recoveries through reduced solution losses and optimized grind size

1. Inferred Mineral Resources at Dome not included in PEA economic analysis.

Substantial Upside – Optimization & Growth – Mining

DSV

Opportunities to reduce costs and improve throughput

Hoyle Pond	Borden
• Increase ventilation U/G • Improve backfill quality and procedures • Remove bottlenecks in material handling • Increase use of automation and technology • Introduce battery-electric equipment • Evaluate known zones of mineralization that currently do not have Mineral Resource estimates and were not included the PEA LOM plan (e.g. TVZ)	• Optimize workflow • Upgrade underground haulage trucks • Investigate making greater use of BEVs • Improve ground support design • Backfill system • Improve ventilation underground

Substantial Upside – Optimization & Growth – Mining

DSV

Opportunities to reduce costs and improve throughput

Pamour	Dome
• Reduce or eliminate waste rock re-handling • Evaluate use of alternatives for truck haulage to Dome Mill • Evaluate shop at site versus at Dome	• 11.0 Moz Inferred Mineral Resource estimated at Dome[1] • Evaluate potential for new production from Dome Mine

I-19

1. Inferred Mineral Resources at Dome not included in PEA economic analysis.

Discoverysilver

Substantial Upside – Optimization & Growth – Milling

DSV

Opportunities to improve utilization rates, lower costs, increase recoveries and throughput levels

Mill Throughput	• Potential of 30% improvement on A Circuit and 15% on B circuit through improvements in maintenance program and program execution • Address material handling issues at Borden and Hoyle Pond
Lower Costs	• Current milling costs higher than the first principles-based budget • Assess cost reduction opportunities
Recoveries	• Reduce high solution losses by investigating the carbon handling procedures and practices • Optimize grind size – opportunity to increase grind to improve gold recovery
Tailings Deposition	• Improve environmental performance and water management

Sustainability and Stewardship

DSV

Committed to building on Discovery's strong track record for responsible mining

- Recognize and work constructively with First Nations partners
- Support and contribute to the success and welfare of local communities
- Recognize the value of people and suppliers and the strength they provide the Porcupine Complex
- Demonstrate responsible environmental stewardship
    - Committed to progressive rehabilitation – don't wait for closure to deal with obligations
    - Overriding objective to effectively "Heal the Earth" from past impacts

Discoverysilver

Discoverysilver

Appendix 1

Financing

$400M Franco-Nevada Royalty and Debt Financing

DSV

$200M LOM Royalty

- 2.25% life-of-mine net smelter return royalty (the "**LOM Royalty**")
- Applies to all mineral produced from the Porcupine Complex
- Establishes a long-term strategic partnership with Franco-Nevada

$100M Repayable Royalty

- 2.00% net smelter return royalty (the "**Repayable Royalty**")
- Applies to all minerals from the Porcupine Complex
- Will be extinguished upon the earlier of:
    - Franco-Nevada receiving payments from production attributable to the Repayable Royalty equal to 72,000oz of gold
    - Receipt by Franco-Nevada of a one-time early cash payment equal to 12% pre-tax internal rate of return

$100M Debt Facility

- $100 million senior debt facility (the "**Debt Facility**") to fund capital expenditures and support working capital
- Funds available for 2 years after transaction close; maturity date of 7 years and one day from transaction close
- Interest rate of three-month SOFR + 450 bps per annum
- No principal repayments required for first 5 years, followed by eight quarterly payments equal to 5% of the balance outstanding and a bullet payment equal to 60%
- Applicable upfront fee of 2% on any principal drawn, and a standby fee of 100 bps per annum on undrawn funds
- Discovery to issue approximately 3.9 million warrants to Franco-Nevada with an exercise price of C$0.95 per warrant and a three-year term
- Debt Facility will be secured, including first ranking security interest on the Porcupine Complex if drawn

$155M Public Offering of Subscription Receipts

DSV

- Public Offering of subscription receipts (“**Subscription Receipts**”) of Discovery for expected gross proceeds of approximately C$225M ($155M)
- Each Subscription Receipt entitles holder to receive one Discovery common share, without payment of additional consideration and further action, upon closing of Transaction
- Full terms and conditions of the Public Offering provided in Prospectus Supplement[1]
- BMO Capital Markets and SCP Resource Finance LP to act as co-lead underwriters in a syndicate of underwriters, including: Cormark Securities Inc., CIBC World Markets Inc., National Bank Financial Inc., Raymond James Ltd. and Ventum Financial Corp.
- Underwriters granted over-allotment option to purchase additional Subscription Receipts representing up to 10% of the base offering
- Franco-Nevada to participate in Public Offering to a level of approximately C$70M ($50M) (2-year lock-up agreement in place)
- Director and officer participation totaling approximately ~C$9M (~$6M)
- Public Offering is expected to close on or about February 3, 2025

1. Refers to the Prospectus Supplement to the Short Form Base Shelf Prospectus Dated March 23, 2023, which is expected to be filed by Discovery on SEDAR+ on or before January 29,2025.

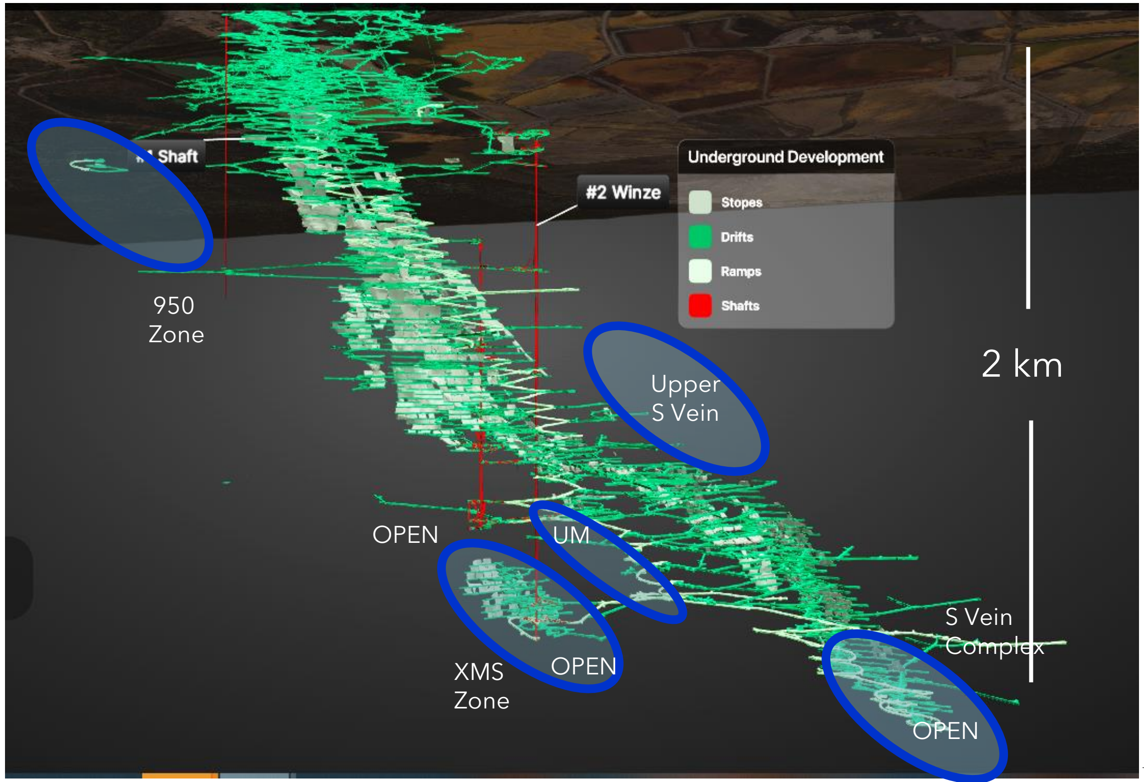
Appendix 2

Exploration

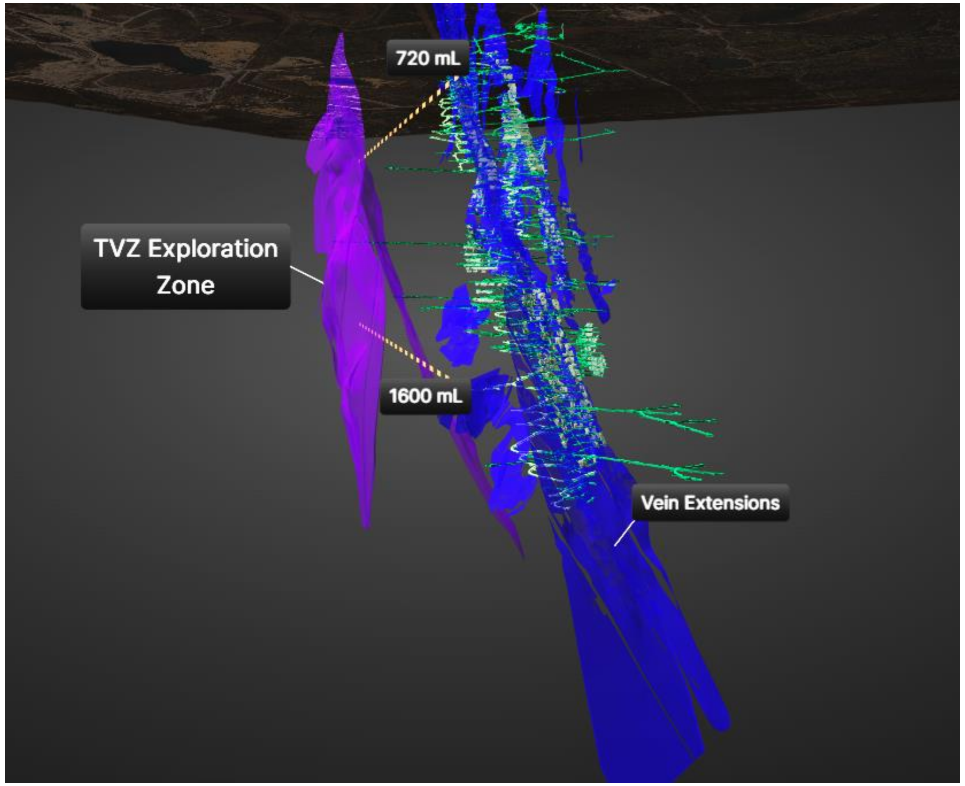
Substantial Upside – Exploration – Hoyle Pond

Exploration key to growth in production, Mineral Resources and mine life extensions

Key Targets	• **Multiple near-mine targets: S Zone Deep, S Zone Upper, XMS Zone, TVZ Zone, PST Zone, Owl Creek Zone**



I-26



Discoverysilver

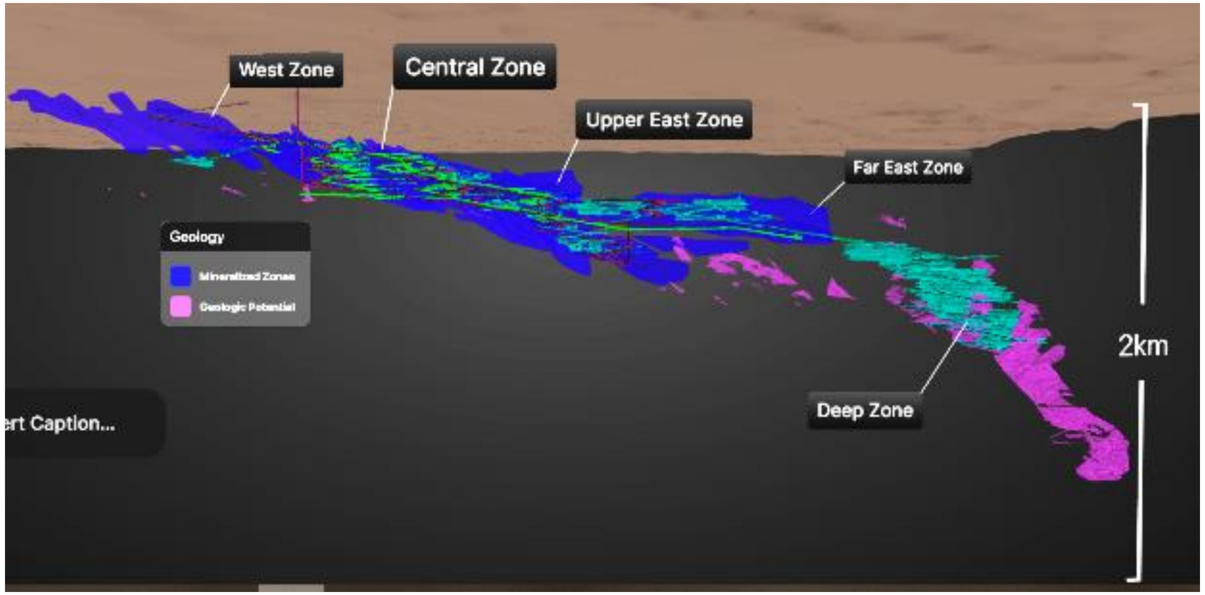
Substantial Upside – Exploration – Borden

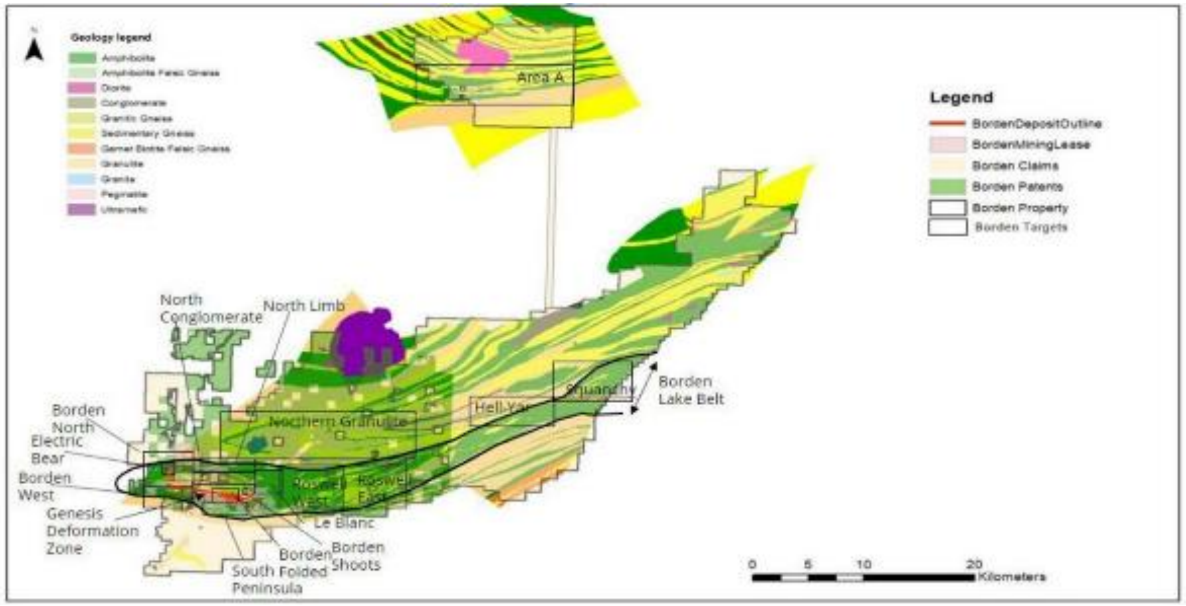
DSV

Exploration key to growth in production, Mineral Resources and mine life extensions

Key Targets

- **Depth extensions and open along strike to east and west**
- **Large number of prospects with little or no previous drilling**





I-27

Discoverysilver

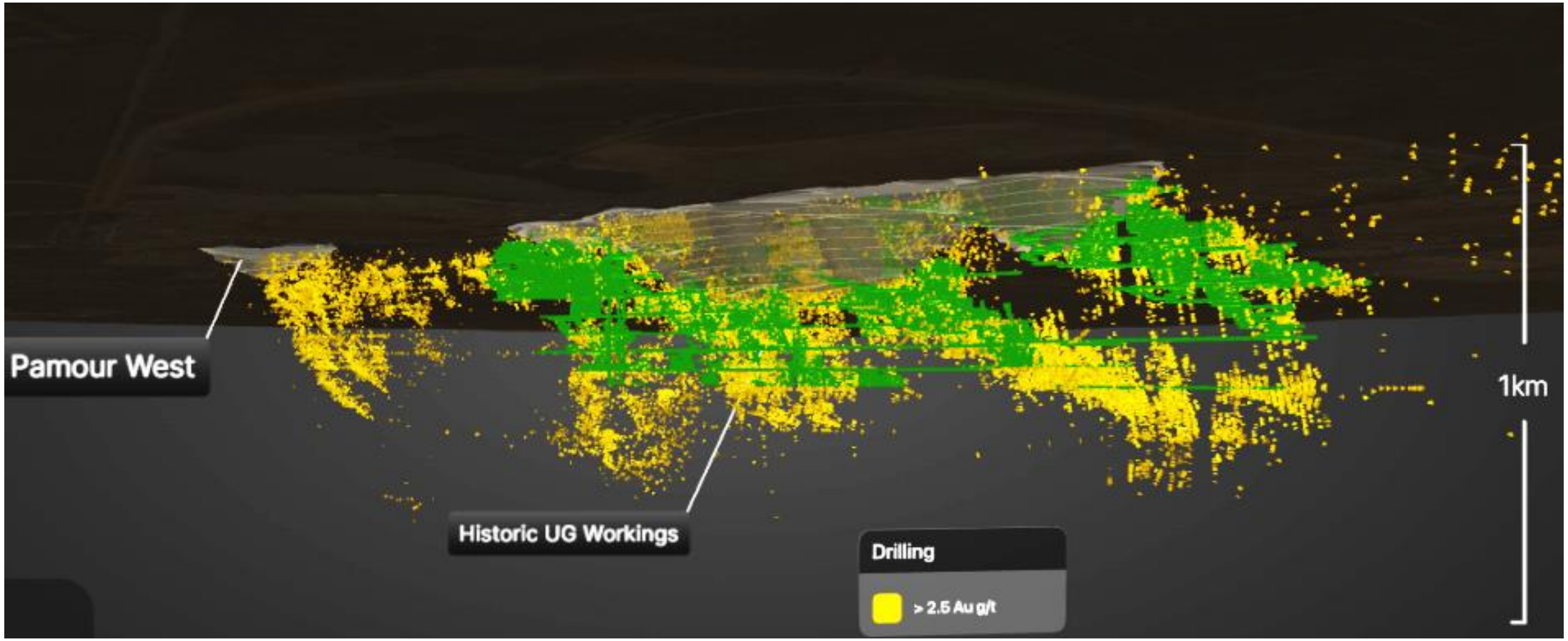
Substantial Upside – Exploration – Pamour

DSV

Exploration key to growth in production, Mineral Resources and mine life extensions

Key Targets

- **Remains open at depth and along strike of the old underground workings**
- **Potential to extend mineralization to the north of the current Mineral Resource model**
- **Pamour West open at depth; potential between Pamour and Pamour West**

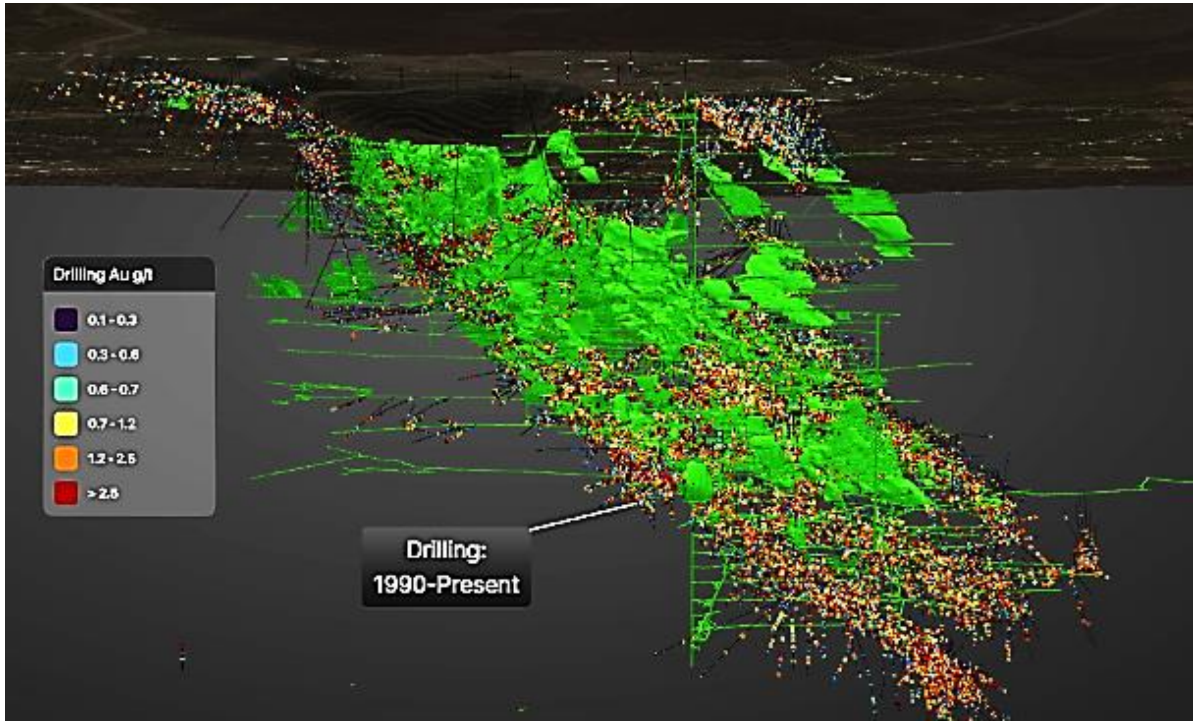


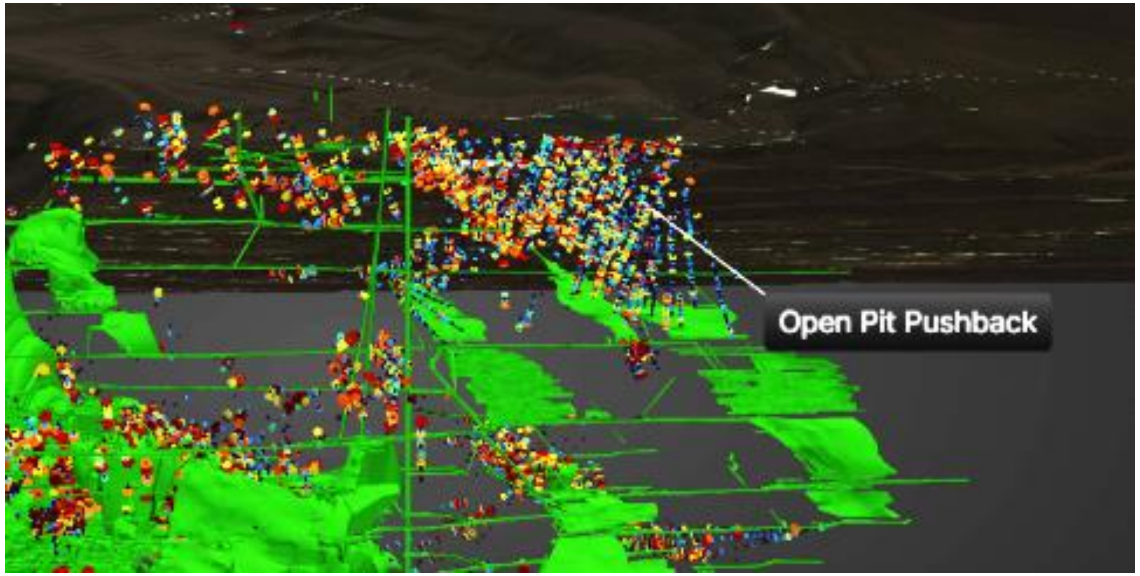
Substantial Upside – Exploration – Dome

Exploration key to growth in production, Mineral Resources and mine life extensions

Key Targets

- **Upgrade existing Inferred Mineral Resource to higher confidence categories**
- **Establish potential resource classifications within blocks in/around pit where existing drill spacing is currently insufficient for Inferred Mineral Resources**
- **Potential to support estimation of Mineral Resources amenable to underground mining methods with additional drilling and supporting studies**





Appendix 3.

Porcupine Complex – Overview

Hoyle Pond[1]

DSV

High-grade underground mine with attractive exploration potential

- 4 Moz produced @ average grade of ~11 g/t since 1987
- Planned mining rate ~500 tpd, hoisting capacity of 2,200 tpd
- Mined material trucked 17 km to Dome Mill
- Production to average ~65 koz per year with a remining mine life of 10 years based on PEA LOM plan
- Opportunities: Improve ventilation, material handling, backfill systems, increase automation (tele-remote), evaluate though additional drilling and studies known zones of mineralization that currently do not have Mineral Resource estimates and were not included the PEA LOM plan (e.g. TVZ)
- Key exploration targets include: S Zone Deep, S Zone Upper, XMS, Owl Creek, TVZ, PST Zone

Resources	Tonnes	Grade	Ounces
	(kt)	(Au g/t)	(koz Au)
Measured	-	-	-
Indicated	1,167	12.90	484
Total M&I	**1,167**	**12.90**	**484**
Inferred	578	15.24	283

Performance		2025E	2026E	2027E	2028E
Material Mined[2]	(Mt)	0.2	0.2	0.2	0.2
Material Milled	(Mt)	0.2	0.2	0.2	0.2
Grade	(g/t)	9.99	10.97	9.70	9.90
Recovered Ounces	(koz)	61	66	51	57

1. Please refer to the Preliminary Economic Assessment Disclaimer on Slide 3.
2. Refers to mineralized material mined and sent to Dome Mill for processing rounded to the nearest tenth. Does not include waste mined.

Discoverysilver

Borden[1]

Underground mine in highly prospective area with camp potential

- Underground mine in township 20 km from Chapleau, Ontario
- Long hole mining method with current mining rate of 2,000 tpd
- Mined material is trucked to surface and then 190 km to Dome Mill
- Production to average ~105 koz per year over next 8 years
- Opportunities: Reduce contractor underground workforce, upgrade haulage fleet, increase use of electric vehicles, improve ground support and backfill processes, increase supply of fresh air underground
- Key exploration targets include: Depth extensions and open along strike to east and west where a large number of prospects have had little or no previous drilling

Resources	Tonnes	Grade	Ounces
	(kt)	(Au g/t)	(koz Au)
Measured	1,471	6.17	292
Indicated	2,274	6.15	449
Total M&I	**3,745**	**6.16**	**741**
Inferred	1,372	5.22	230

Performance		2025E	2026E	2027E	2028E
Material Mined[2]	(Mt)	0.7	0.7	0.7	0.7
Material Milled	(Mt)	0.7	0.7	0.7	0.7
Grade	(g/t)	5.63	5.39	4.80	4.87
Recovered Ounces	(koz)	124	120	104	103

1. Please refer to the Preliminary Economic Assessment Disclaimer on Slide 3.
2. Refers to mineralized material mined and sent to Dome Mill for processing rounded to the nearest tenth. Does not include waste mined.

Pamour[1]

Open Pit project with substantial exploration potential

- Involves layback of existing open pit located 13 km from Dome Mill
- To provide feed to Dome Mill through to 2047
- Expected annual production to average 150 koz over a 22-year production life (21 years of mining, additional year of processing stockpiled material)
- Opportunities: Reduce/eliminate waste rock rehandling, evaluating potential alternatives to replace truck haulage to the Dome Mill
- Key exploration targets include: Open at depth and along strike, potential to extend mineralization to north, potential west towards and at Pamour West

Resources	Tonnes	Grade	Ounces
	(kt)	(Au g/t)	(koz Au)
Measured	--	--	--
Indicated	64,755	1.30	2,704
Total M&I	**64,755**	**1.30**	**2,704**
Inferred	23,264	1.34	1,002

Performance		2025E	2026E	2027E	2028E
Material Mined[2]	(Mt)	1.1	2.1	3.2	3.9
Material Milled	(Mt)	1.1	2.1	3.2	3.4
Grade	(g/t)	1.16	1.18	1.22	1.41
Recovered Ounces	(koz)	37	74	115	141

1. Please refer to the Preliminary Economic Assessment Disclaimer on Slide 3.
2. Refers to mineralized material mined and sent to Dome Mill for processing rounded to the nearest tenth. Does not include waste mined.

Dome[1]

Large mill built in early 1980s, century-old mine with large Inferred Resource

- Conventional gold plant, crushing, grinding, cyanide leaching, CIP, and 8 tonne carbon strip / EW circuit
- Technical report assumes capacity of 3.9 Mtpa with average recoveries of ~92%
- Dome mine produced close to 17 Moz since 1910
- Mine ceased production in 2017
- Significant Inferred Resources remain outside current pit shell
- Potential to re-open mine through push back of existing pit to be evaluated

Resources[2]	Tonnes	Grade	Ounces
	(kt)	(Au g/t)	(koz Au)
Measured	--	--	--
Indicated	--	--	--
Total M&I	**--**	**--**	**--**
Inferred	229,284	1.49	10,978

1. Please refer to the Preliminary Economic Assessment Disclaimer on Slide 3
2. . Inferred Mineral Resources at Dome not included in PEA economic analysis

Appendix 4.

Mineral Resources

Mineral Resources

DSV

Mineral Resources	Tonnes	Gold Grade	Contained Ounces
	(kt)	(g/t Au)	(koz Au)
Hoyle Pond	-	-	-
Borden	1,471	6.17	292
Pamour	-	-	-
Dome	-	-	-
Total Measured Resources	**1,471**	**6.17**	**292.0**
Hoyle Pond	1,167	12.90	484
Borden	2,274	6.15	449
Pamour	64,755	1.30	2,704
Dome	-	-	-
Total Indicated Resources	**68,196**	**1.66**	**3,640.0**
Hoyle Pond	1,167	12.90	484
Borden	3,745	6.16	741
Pamour	64,755	1.30	2,704
Dome	-	-	-
Total Measured & Indicated Resources	**69,667**	**1.76**	**3,931.9**
Hoyle Pond	578	15.24	283
Borden	1,372	5.22	230
Pamour	23,264	1.34	1,002
Dome	229,284	1.49	10,978
Total Inferred Resources	**254,499**	**1.53**	**12,493.5**

Notes:

1. Mineral Resources are reported insitu, using the 2014 CIM Definition Standards. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
2. Mineral Resources have an effective date of 3 December, 2024. The Qualified Person for the Borden, Hoyle Pond and Pamour estimates is Mr. Eric Kallio, P.Geo., an independent Qualified Person. The Qualified Person for the Dome estimate is Dr. Ryan Barnett, P.Geo., an employee of Resource Modelling Solutions.
3. Mineral Resources that are considered amenable to underground mining methods at Borden are constrained within conceptual mineable shapes that use the following input parameters: gold price of US$2,000/oz Au, mining costs of US$120.08/t mined, process costs of US$18.30/t processed, general and administrative costs of US$31.58/t processed, variable metallurgical recoveries by mining zone ranging from 81.08–93.64%, refining costs of US$0.98/oz Au, dilution percentages that vary by mining zone, ranging from 18–25%, and a 4.6% royalty. Mineral Resources are reported at varying cut-off grades by mining zone, ranging from 3.3–4.2 g/t Au.
4. Mineral Resources that are considered amenable to open pit mining methods at Dome are constrained within a pit shell that uses the following input parameters: gold price of US$2,000/oz Au, mining costs of US$3.85/t mined, process costs of US$18.75/t processed, general and administrative costs of US$3.86/t processed, average 91% metallurgical recovery, refining costs of US$0.94/oz Au, and pit slope angles of 45°. Mineral Resources are reported above a 0.40 g/t Au cut-off.
5. Mineral Resources that are considered amenable to underground mining methods at Hoyle Pond are constrained within conceptual stope designs that use the following input parameters: gold price of US$2,000/oz Au, mining costs of US$371.55/t mined assuming longitudinal long-hole retreat methods and US$277.33/t mined assuming underhand cut-and-fill methods, process costs of US$45.01/t processed, general and administrative costs of US$47.05/t processed, average 94.3% metallurgical recovery, refining costs of US$0.98/oz Au, dilution percentages that vary by zone and mining method, ranging from 12–194%, and a royalty of 8.0%. The Mineral Resource estimate is reported at a cut-off grade of 12.3 g/t Au in the stopes assumed to be mined using longitudinal long-hole retreat methods and 6.05 g/t Au in the stopes assumed to be mined using underhand cut-and-fill.
6. Mineral Resources that are considered amenable to open pit mining methods at Pamour are constrained within a pit shell that uses the following input parameters: gold price of US$2,000/oz Au, mining costs of US$5.50/t mined, process costs of US$23.70/t processed, general and administrative costs of US$10.47/t processed, average 91% metallurgical recovery, refining costs of US$0.94/oz Au, and pit slope angles of 25° in overburden and 45° in rock. Mineral Resources are reported above a 0.53 g/t Au cut-off.
7. Estimates have been rounded. Grades and contained metal content are presented as weighted averages.
8. The preliminary assessment is preliminary in nature and includes inferred resources that are considered too speculative to have the economic considerations applied to them that would enable them to be categorized as mineral reserves and there is no certainty that the preliminary economic assessment will be realized.

CERTIFICATE OF THE CORPORATION

Date: January 29, 2025

The short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces and territories of Canada, except Québec and Nunavut.

(signed) *"Tony Makuch"*	(signed) *"Andreas L'Abbé"*
Tony Makuch Chief Executive Officer	Andreas L'Abbé Chief Financial Officer

On behalf of the Board of Directors of the Corporation

(signed) "*Murray John*"	*(signed) "Jeff Parr"*
Murray John Director	Jeff Parr Director

CERTIFICATE OF THE UNDERWRITERS

Date: January 29, 2025

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces and territories of Canada, except Québec and Nunavut.

BMO NESBITT BURNS INC.

(signed) *"Ilan Bahar"*
Ilan Bahar
Managing Director & Co-Head,
Global Metals and Mining

SCP RESOURCE FINANCE LP
by its general partner, **SCP RESOURCE FINANCE GP INC.**

(signed) *"Peter Grosskopf"*
Peter Grosskopf
Chairman

CIBC WORLD MARKETS INC.

(signed) *"Steven Reid"*
Steven Reid
Managing Director & Head

CORMARK SECURITIES INC.

(signed) *"Kevin Carter"*
Kevin Carter
Managing Director, Investment Banking

NATIONAL BANK FINANCIAL INC.

(signed) *"Greg Doyle"*
Greg Doyle
Director, Investment Banking

RAYMOND JAMES LTD.

(signed) *"Rajiv Chail"*
Rajiv Chail
Director

VENTUM FINANCIAL CORP.

(signed) *"Tim Graham"*
Tim Graham
Managing Director & Head,
Western Canada

This short form prospectus is referred to as a short form base shelf prospectus and has been filed under legislation in each of the provinces and territories of Canada, that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. Unless an exemption from the prospectus delivery requirement has been granted or is otherwise available, the legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form base shelf prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. Information has been incorporated by reference in this short form base shelf prospectus from documents filed with certain securities commissions or similar authorities in Canada*. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of Discovery Silver Corp. at 701-55 University Avenue, Toronto, Ontario, M5J 2H7, telephone 416.613.9410, and are also available electronically at www.sedar.com.*

SHORT FORM BASE SHELF PROSPECTUS

New Issue **March 23, 2023**

Discoverysilver

DISCOVERY SILVER CORP.

C$300,000,000
Common Shares
Warrants
Subscription Receipts
Units

This short form base shelf prospectus (the "**Prospectus**") relates to the offering for sale from time to time (each, an "**Offering**"), during the 25-month period that this Prospectus, including any amendments hereto, remains effective, of the securities of Discovery Silver Corp. ("**Discovery**" or the "**Corporation**") listed above (the "**Securities**") in one or more series or issuances, with a total offering price of such Securities, in the aggregate, of up to C$300,000,000 (or the equivalent thereof in U.S. dollars or other currencies). The Securities may be offered separately or together, in amounts, at prices, and on terms to be determined based on market conditions at the time of the sale and set forth in an accompanying prospectus supplement (a "**Prospectus Supplement**").

The specific terms of the Securities with respect to a particular offering will be set out in the applicable Prospectus Supplement and may include, where applicable: (i) in the case of Common Shares, the number of Common Shares offered; the offering price; whether the Common Shares are being offered for cash or on exercise of Warrants; and any other material terms or conditions of the Common Shares; (ii) in the case of Warrants, the designation and aggregate number of Warrants offered; the price at which the Warrants will be offered; the date on which the right to exercise the Warrants will commence and the date on which the right will expire; the number of Common Shares that may be purchased upon exercise of each Warrant and the price at which and currency or currencies in which the Common Shares may be purchased upon exercise of each Warrant; and any other material terms or conditions of the Warrants; (iii) in the case of Subscription Receipts, the designation and aggregate number of Subscription Receipts offered; the price at which the Subscription Receipts will be offered; the designation, number and terms of the Common Shares, Warrants, Units, or any combination thereof to be received by holders of Subscription Receipts upon satisfaction of the release conditions, and the procedures that will result in the adjustment of those numbers; and any other material terms or conditions of the Subscription Receipts; and (iv) in the case of Units, the designation and aggregate number of Units being offered; the price at which the Units will be offered; the designation and terms of the Units and the applicable Securities included in the Units; the description of the terms of any agreement governing the Units; any provision for the issuance, payment, settlement, transfer, or exchange of the Units; and any other material terms or conditions of the Units. See "Description of Securities Being Distributed".

The issued and outstanding common shares of the Corporation (the "**Common Shares**") are listed and posted for trading on the Toronto Stock Exchange (the "**TSX**") under the symbol "DSV", on the OTCQX under the symbol "DSVSF", and on the Frankfurt Stock Exchange under the symbol "1CU0". On March 22, 2023, the last full trading day prior to the date of this Prospectus, the closing price per Common Share on the TSX was $1.15. **Unless otherwise specified in the applicable Prospectus Supplement, there is no existing trading market through which the warrants (the "Warrants"), the**

subscription receipts (the "Subscription Receipts"), or the units (the "Units") may be sold, and purchasers may not be able to resell such Securities purchased under this Prospectus. This may affect the pricing of such Securities in the secondary market, the transparency and availability of trading prices, the liquidity of such Securities and the extent of issuer regulation. No assurances can be given that a market for trading in Securities of any series or issue will develop or as to the liquidity of any such market, whether or not the Securities are listed on a securities exchange. See "Risk Factors".

All information permitted under applicable law to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. Each Prospectus Supplement will be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains. You should read this Prospectus and any applicable Prospectus Supplement carefully before you invest in any Securities.

The Prospectus may qualify an "at-the-market distribution" as defined in National Instrument 44-102 – *Shelf Distributions* ("**NI 44-102**") of the Canadian Securities Administrators. The Corporation may offer and sell Securities through underwriters or dealers, directly or through agents designated by the Corporation from time to time at amounts and prices and other terms determined by the Corporation. A Prospectus Supplement will set forth the names of any underwriters, dealers, or agents involved in the Offering and will set forth the terms of the Offering, the method of distribution of such Securities including, to the extent applicable, the proceeds to the Corporation and any fees, discounts, or any other compensation payable to underwriters, dealers, agents, and any other material terms of the distribution. In connection with any Offering (unless otherwise specified in a Prospectus Supplement), the underwriters or agents may, subject to applicable law, over-allot or effect transactions that stabilize or maintain the market price of the Securities offered at levels other than that which might otherwise exist in the open market. Such transactions, if commenced, may be interrupted or discontinued at any time. See "Plan of Distribution". **No underwriter has been involved in the preparation of this Prospectus or performed any review of the contents of this Prospectus.**

Investing in the Securities is speculative and involves certain risks. The risks outlined in this Prospectus and in the documents incorporated by reference herein and in the applicable Prospectus Supplement should be carefully reviewed and considered by prospective investors. See "Risk Factors".

Dan Vickerman and Moira Smith, directors of the Corporation, and Richard Schwering, Jennifer Brown, and Manuel Jessen, three of the qualified persons responsible for the PFS Report (as defined herein) reside outside of Canada. Such persons have appointed Cassels Brock & Blackwell LLP, Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8 as agent for service of process in Canada. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person that resides outside of Canada, even if the party has appointed an agent for service of process.

Owning the Corporation's securities may subject you to tax consequences both in Canada and the United States. Such tax consequences are not fully described in this Prospectus and may not be fully described in any applicable Prospectus Supplement. Each purchaser should read the tax discussion in any Prospectus Supplement with respect to a particular offering and consult the purchaser's own tax advisor with respect to the purchaser's own particular circumstances.

Unless otherwise indicated, all references to "$", "C$", or "dollars" in this Prospectus refer to Canadian dollars.

The Corporation's registered office is located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8. The Corporation's corporate head office is located at Suite 701, 55 University Avenue, Toronto, Ontario, M5J 2H7.

TABLE OF CONTENTS

ABOUT THIS PROSPECTUS

Unless otherwise noted or the context indicates otherwise, the "**Corporation**" and "**Discovery**" refer to Discovery Silver Corp. and its subsidiaries. You should rely only on the information contained or incorporated by reference in this Prospectus. We have not authorized anyone to provide you with different or additional information. If anyone provides you with any different, additional, inconsistent, or other information, you should not rely on it. The Corporation is not making an offer to sell or seeking an offer to buy the Securities in any jurisdiction where the offer or sale is not permitted. The information contained in this Prospectus and the documents incorporated by reference herein are accurate as of the date of this Prospectus. The Corporation's business, financial condition, results of operations, and prospects may have changed since those dates. Information contained on the Corporation's website should not be deemed to be a part of this Prospectus, any applicable Prospectus Supplement, or incorporated by reference herein or therein and should not be relied upon by prospective investors for the purpose of determining whether to invest in the Securities.

FINANCIAL INFORMATION AND CURRENCY

Discovery has prepared its consolidated financial statements, incorporated herein by reference, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. As a result, they may not be comparable to financial statements prepared in accordance with other financial reporting frameworks, including generally acceptable accounting principles used in the US ("**GAAP**").

All currency amounts in this Prospectus are expressed in Canadian dollars, unless otherwise indicated. References to "C$" are to Canadian dollars. References to "US$" are to United States dollars.

The Company has included certain non-GAAP performance measures as detailed below. In the mining industry, these are common performance measures but may not be comparable to similar measures presented by other issuers and the non-GAAP measures do not have any standardized meaning. 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.

The Company calculated total cash costs per ounce by dividing the sum of operating costs, royalty costs, production taxes, refining and shipping costs, net of by-product silver credits, by payable ounces. While there is no standardized meaning of the measure across the industry, the Company believes that this measure is useful to external users in assessing operating performance.

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 Company's definition conforms to the all-in sustaining cost definition as set out by the World Gold Council in its guidance dated June 27, 2013. The Company believes that this measure is useful to external users in assessing operating performance and the Company's ability to generate free cash flow from current operations. Subsequent amendments to the guidance have not materially affected the figures presented.

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.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENT

This Prospectus and documents incorporated by reference herein contain "forward-looking statements" or "forward-looking information" within the meaning of applicable securities legislation (collectively referred to herein as "**forward-looking information**" or "**forward-looking statements**"). Forward-looking statements are included to provide information about management's current expectations and plans that allows investors and others to get a better understanding of the Corporation's operating environment, the business operations, and financial performance and condition.

Forward-looking statements include, but are not limited to, statements regarding anticipated burn rate and operations; planned exploration and development programs and expenditures; timelines and milestones with respect to the Cordero Project; anticipated expenditures and programs at the Cordero Project; impact of COVID-19 (including variants) on the Corporation and its operations; the estimation of mineral resources; the magnitude or quality of mineral deposits; anticipated advancement of mineral properties and programs; future exploration prospects; proposed exploration plans and expected results of exploration; Discovery's ability to obtain licenses, permits, and regulatory approvals required to implement expected future exploration plans; changes in commodity prices and exchange rates; future growth potential of Discovery; future development plans; currency and interest rate fluctuations; and the economic and operational analyses and conclusions from the Cordero Technical Report and the PFS Report (as defined below). Statements regarding the results of the PFS Report and the anticipated capital and operating costs, sustaining costs, net present value, internal rate of return, payback period, process capacity, average annual metal production, average process recoveries, concession renewal, permitting of the Cordero Project, anticipated mining and processing methods, proposed pre-feasibility study production schedule and metal production profile, anticipated construction period, anticipated mine life, expected recoveries and grades, anticipated production rates, infrastructure, social and environmental impact studies, availability of labour, tax rates, and commodity prices that would support development of the Cordero Project. Information concerning mineral resource/reserve estimates and the economic analysis thereof contained in the results of the pre-feasibility study are also forward-looking statements in that they reflect a prediction of the mineralization that would be encountered, and the results of mining, if a mineral deposit were developed and mined. Forward-looking statements are statements that are not historical facts which address events, results, outcomes or developments that the Company expects to occur. Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made and they involve a number of risks and uncertainties. All mineral resource estimates and certain other technical and scientific information are based on the assumptions and parameters set out herein, in the Cordero Technical Report, the PFS Report, and on the opinion of "qualified persons" (as defined in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**")). Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, or future events or performance (often, but not always, identified by words or phrases such as "expects", "is expected", "anticipates", "believes", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential", "possible", or variations thereof or stating that certain actions, events, conditions or results "may", "could", "would", "should", "might", or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of fact and may be forward-looking statements.

Forward-looking statements are necessarily based upon a number of factors and assumptions that, if untrue, could cause actual results, performance or achievements to be materially different from future results, performance, or achievements expressed or implied by such statements. Forward-looking statements are based upon a number of estimates and assumptions that, while considered reasonable by the Corporation at this time, are inherently subject to significant business, economic and competitive uncertainties and contingencies that may cause the Corporation's actual financial results, performance, or achievements to be materially different from those expressed or implied herein. Some of the material factors or assumptions used to develop forward-looking statements include, without limitation, and general expectations with respect to the development of the Cordero Project; the future prices of metals; anticipated costs and the Corporation's ability to fund its programs; the Corporation's ability to carry on exploration and development activities; the timing and results of drilling programs; the discovery of additional mineral resources on the Corporation's mineral properties; the timely receipt of required approvals and permits, including those approvals and permits required for successful project permitting, construction, and operation of projects; the costs of operating and exploration expenditures; the Corporation's ability to operate in a safe, efficient, and effective manner; the potential impact of natural disasters, the impact of COVID-19 (including variants); and the Corporation's ability to obtain financing as and when required and on reasonable terms.

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties, and other factors that could cause actual events or results to differ from those expressed or implied. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Certain important factors that could cause actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others: the Cordero Project and general expectations with respect to the development thereof; general economic conditions in Canada, the United States and globally; industry conditions; governmental regulation of the mining industry, including environmental regulation; geological, technical, and drilling problems; unanticipated operating events; competition for and/or inability to retain drilling rigs and other services; the availability of capital on acceptable terms; the need to obtain required approvals from regulatory authorities; stock market volatility; volatility in market prices for commodities; liabilities inherent in the mining industry; changes in tax laws and incentive programs relating to the mining industry; the development of the COVID-19 global pandemic, and the other factors described herein under "Risk Factors", as well as in the Corporation's public filings available at www.sedar.com.

This list is not exhaustive of the factors that may affect any of the Corporation's forward-looking statements. Although the Corporation believes its expectations are based upon reasonable assumptions and have attempted to identify important factors that could cause actual actions, events, or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events, or results not to be as anticipated, estimated, or intended. See the section entitled "Risk Factors" below, and in the section entitled "Risk Factors" in the Corporation's annual information form for the year ended December 31, 2021 (the "**Annual Information Form**"), and incorporated by reference herein, for additional risk factors that could cause results to differ materially from forward-looking statements.

Investors are cautioned not to put undue reliance on forward-looking statements. The forward-looking statements contained herein are made as of the date of this Prospectus and, accordingly, are subject to change after such date. The Corporation disclaims any intent or obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of assumptions or factors, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. Investors are urged to read the Corporation's filings with Canadian securities regulatory agencies, which can be viewed online under the Corporation's profile on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com.

CAUTIONARY NOTE REGARDING FUTURE-ORIENTED FINANCIAL INFORMATION

This Prospectus also contains future-oriented financial information and outlook information (collectively, "**FOFI**") about the Cordero Project. This information is subject to the same assumptions, risk factors, limitations, and qualifications as set forth below in the below paragraphs. FOFI contained in this Prospectus is made as of the date of this Prospectus and is being provided for the purpose of providing further information with respect to the Cordero Project. The Corporation disclaims any intention or obligation to update or revise any FOFI contained in this Prospectus, whether as a result of new information, future events, or otherwise, unless required pursuant to applicable law. Readers are cautioned that FOFI contained in this Prospectus should not be used for purposes other than for which it is disclosed herein.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference into this Prospectus from documents filed with the securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of Discovery Silver Corp. at Suite 701-55 University Avenue, Toronto, Ontario, M5J 2H7, telephone +1(416) 613-9410, and are also available electronically under the Corporation's profile at www.sedar.com. The filings of the Corporation through SEDAR are not incorporated by reference in this Prospectus except as specifically set out herein.

The following documents, filed by the Corporation with the securities commissions or similar authorities in certain of the provinces and territories of Canada are specifically incorporated by reference into, and form an integral part of, this Prospectus:

(a) the (revised) annual information form for the fiscal year ended December 31, 2021, dated July 29, 2022 (the "**AIF**");

(b) the Corporation's audited consolidated financial statements for the years ended December 31, 2021 and 2020, and related notes thereto, together with the independent auditor's report thereon (the "**Annual Financial Statements**");

(c) the management's discussion and analysis for the years ended December 31, 2021 and 2020;

(d) the Corporation's unaudited interim consolidated financial statements for the three and nine months ended September 30, 2022 and 2021, and related notes thereto (together with the Annual Financial Statements, the "**Financial Statements**");

(e) the management's discussion and analysis for the three and nine months ended September 30, 2022 and 2021;

(f) the management information circular of the Corporation dated May 9, 2022, in connection with the annual general meeting of shareholders of the Corporation held on June 24, 2022; and

(g) the material change report of the Corporation dated July 13, 2022, in respect of the resignation of Taj Singh as President, Chief Executive Officer, and director of the Corporation, and the appointment of Tony Makuch as Interim Chief Executive Officer of the Corporation.

Any document of the type referred to in item 11.1 of Form 44-101F1 – *Short Form Prospectus* of National Instrument 44-101 – *Short Form Prospectus Distributions* (“**NI 44-101**”) of the Canadian Securities Administrators (other than confidential material change reports, if any) filed by the Corporation with any securities commissions or similar regulatory authorities in Canada after the date of this Prospectus and all Prospectus Supplements disclosing additional or updated information filed pursuant to the requirements of applicable securities legislation in Canada during the period that this Prospectus is effective shall be deemed to be incorporated by reference in this Prospectus. These documents are available on the Corporation’s issuer profile on SEDAR, which can be accessed at www.sedar.com.

The documents incorporated or deemed to be incorporated herein by reference contain meaningful and material information relating to the Corporation and readers should review all information contained in this Prospectus and the documents incorporated or deemed to be incorporated herein by reference.

Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this Prospectus, to the extent that a statement contained herein, or in any other subsequently filed document that also is, or is deemed to be, incorporated by reference herein, modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall thereafter neither constitute, nor be deemed to constitute, a part of this Prospectus, except as so modified or superseded.

When the Corporation files a new annual information form, audited consolidated financial statements and related management’s discussion and analysis and, where required, they are accepted by the applicable securities regulatory authorities during the time that this Prospectus is valid, the previous annual information form, the previous audited consolidated financial statements and related management’s discussion and analysis and all unaudited interim condensed consolidated financial statements and related management’s discussion and analysis for such periods, all material change reports, and any business acquisition report filed prior to the commencement of the Corporation’s financial year in which the new annual information form is filed will be deemed no longer to be incorporated by reference in this Prospectus for purposes of future offers and sales of Securities under this Prospectus. Upon new unaudited interim condensed consolidated financial statements and related management’s discussion and analysis being filed by the Corporation with the applicable securities regulatory authorities during the term of this Prospectus, all unaudited interim condensed consolidated financial statements and related management’s discussion and analysis filed prior to the filing of the new unaudited interim condensed consolidated financial statements shall be deemed no longer to be incorporated by reference into this Prospectus for purposes of future offers and sales of Securities hereunder. Upon a management information circular in connection with an annual general meeting of shareholders being filed by the Corporation with the appropriate securities regulatory authorities during the currency of this Prospectus, the management information circular filed in connection with the previous annual general meeting of shareholders (unless such management information circular also related to a special meeting of shareholders) will be deemed no longer to be incorporated by reference in this Prospectus for purposes of future offers and sales of Securities hereunder.

A Prospectus Supplement containing the specific terms of any offering of Securities will be delivered to purchasers of Securities together with this Prospectus and will be deemed to be incorporated by reference in this Prospectus as of the date of the Prospectus Supplement and only for the purposes of the offering to which that Prospectus Supplement pertains.

MARKETING MATERIALS

Any “template version” of any “marketing materials” (as defined in National Instrument 41-101 – *General Prospectus Requirements* of the Canadian Securities Administrators) filed by the Corporation after the date of a Prospectus Supplement and before the termination of the distribution of Securities offered pursuant to such Prospectus Supplement (together with this Prospectus) is deemed incorporated by reference in such Prospectus Supplement.

THE CORPORATION

Discovery is principally engaged in the acquisition and exploration of mineral properties, or interests in companies controlling mineral properties, which feature robust grades, meaningful size, and access to existing infrastructure in mining-friendly jurisdictions, primarily Mexico. The Corporation's Common Shares are listed on the TSX under the symbol "DSV", on the OTCQX under the symbol "DSVSF", and on the Frankfurt Stock Exchange under the symbol "1CU0".

The Corporation's objective is to identify and successfully define and develop mineral deposits, primarily in Mexico. The Corporation's material property is the Cordero project located in Chihuahua, Mexico (the "**Cordero Project**").

The Cordero Project

The Cordero Project is considered one of the world's largest undeveloped silver resources. The Cordero Project has all the attributes of a quality project: grade, scale, significant organic growth opportunities, and well located in mining-friendly Chihuahua state on a prolific silver belt. Since acquiring the Cordero Project in August 2019, Discovery's focus has been on defining the economic potential of the Cordero Project primarily through two extensive drill programs and two detailed metallurgical testwork programs.

A new Resource, incorporating geology and structure for the first time as well as data from more than 500 drill holes was filed on December 6, 2021 (effective October 20, 2021). This was followed by a new "*Preliminary Economic Assessment of the Cordero Silver Project*" (the "**PEA Report**"), focused on Cordero's high-grade resource and integrating new metallurgical testwork and engineering studies, that was filed on January 13, 2022, and amended and restated on July 27, 2022 (with an effective date of November 30, 2021), and by the "*Cordero Silver Project: NI 43-101 Technical Report & Pre-feasibility Study (Chihuahua State, Mexico)*" (the "**PFS**") with an effective date of January 20, 2023, published on February 10, 2023 (the "**PFS Report**"). For a summary of information from the PFS Report, see "The Cordero Project" below.

The most recent NI 43-101 technical report on the Cordero Project is the PFS Report. This Prospectus also references the NI 43-101 technical report entitled "*Mineral Resource Update of the Cordero Silver Project (Chihuahua State, Mexico)*" with an effective date of October 20, 2021, published on December 6, 2021 (the "**Cordero Mineral Resources Update**"). The PFS Report includes all material information about the Cordero Project. The PFS Report, the PEA Report, and the Cordero Mineral Resources Update are available on the Corporation's issuer profile on SEDAR at www.sedar.com or on the Corporation's website at www.discoverysilver.com.

Recent Developments

On March 12, 2021, the Corporation appointed Jennifer Wagner to its board of directors (the "**Board**"). Ms. Wagner is a corporate securities lawyer with 15 years of experience in the mining sector. Ms. Wagner has extensive experience advising companies on a variety of corporate commercial transactions, governance, and compliance matters.

On April 13, 2021, the Corporation changed its name from "Discovery Metals Corp." to "Discovery Silver Corp." to reflect the results reported to date at the Cordero Project.

On December 6, 2021, the Corporation filed the Cordero Mineral Resources Update, which concluded the Cordero Project is one of the largest undeveloped silver resources, both within Mexico and globally, and warranted advancement to the next milestone study, a Preliminary Economic Assessment. Various recommendations where also provided by the Cordero Mineral Resources Update's authors regarding exploration and drilling, metallurgical characterization, and mineral resources.

On January 13, 2022, the Corporation filed the PEA Report. An amended and restated version of the PEA Report was filed on July 29, 2022.

On March 14, 2022, the Corporation appointed Tony Esplin as Chief Operating Officer of the Corporation. Mr. Esplin has more than 30 years of experience in the mining industry, including over two decades of executive and senior management roles at Tier 1 operations with Newmont Corporation and Barrick Gold Corporation.

On April 12, 2022, the Corporation appointed Tony Makuch to the Board. Mr. Makuch has over 35 years of mining industry experience and was most recently President, CEO and Director of Kirkland Lake Ltd.

On June 6, 2022, Taj Singh resigned as Chief Executive Officer, President, and director of the Corporation, and Tony Makuch was appointed as Interim Chief Executive Officer of the Corporation. On January 23, 2023, Tony Makuch was appointed Chief Executive Officer of the Corporation.

On January 24, 2023, the Corporation announced results from the PFS. On February 10, 2023, the Corporation filed the PFS Report.

For further details, refer to the PFS Report available on the Corporation's issuer profile on SEDAR at www.sedar.com or on the Corporation's website at www.discoverysilver.com. The PFS Report is the most recent technical report on the Cordero Project and includes all material information about the Cordero Project.

Financings

On February 22, 2021, the Corporation announced the completion of exercises of warrants issued in 2017 for total cash proceeds of approximately $31 million during the exercise period and prior to expiry.

On June 9, 2022, the Corporation announced the completion of exercises of warrants issued in May and June 2020 for total cash proceeds of approximately $18 million during the exercise period and prior to expiry.

Exploration

During 2021, the Corporation advanced the Cordero Project through the completion of approximately 86,155m of drilling bringing the total to approximately 131,544m since its acquisition in August 2019. The majority of this drilling was used to provide an updated Mineral Resource Estimate, announced on October 20, 2021, and published in the Cordero Mineral Resources Update on December 6, 2021, which formed the basis of the Preliminary Economic Assessment announced on November 30, 2021, and published in the PEA Report on January 13, 2022 (an amended and restated version was published on July 29, 2022).

The Corporation announced results from its Pre-Feasibility Study Metallurgical Test Program on August 29, 2022.

For details, refer to the PFS Report filed on February 10, 2023, available on SEDAR at www.sedar.com or on the Corporation's website at www.discoverysilver.com.

Foreign Operations and Emerging Market Issuer Disclosure

Operations in an Emerging Market Jurisdiction

The Corporation's mineral properties and principal business operations are located in a foreign jurisdiction, namely Mexico. Operating in Mexico exposes the Corporation to various degrees of political, economic, and other risks and uncertainties.

Legal Framework

The Mexican legal framework is based in a civil law system, and therefore the majority of legal principles are set out in written codes and laws. Written codes and laws are the main source for law, leaving case law and customs as a limited and secondary source of interpretation. This, as opposed to common law systems, provides a fairly stable legal environment, allowing citizens and corporations to have a clear understanding of their rights and obligations.

Notwithstanding the foregoing, certain matters may be subject to case law interpretations, which usually relate to a mining title owner´s ability to perform activities under the rights granted under its properties and assets, than to the good standing of its properties and assets. The following matters are the most common issues subject to judicial and administrative interpretation: (i) the presence of ethnic minorities in the territory covering a mining right, and the need for public hearings prior to the commencement of certain mining activities; and (ii) the presence of environmental areas of special interest, or those restricted from mining and the possibility to perform mining activities in overlapping areas. These matters have been widely considered under Mexican constitutional case law, setting a clear understanding of its scope and framework.

Board and Management Experience

Key members of the Corporation's management team and Board have extensive experience running foreign business operations, including operations in Mexico and other Latin American countries.

Tony Makuch, the Chief Executive Officer of the Corporation, was previously Executive Vice President and President of Canadian Operations of Tahoe Resources Inc. (since acquired by Pan American Silver) which had multiple mineral operations in Latin America.

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

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

Forbes Gemmell, the Vice President of Corporate Development of the Corporation, was previously the Chief Executive Officer of Lago Dourado Minerals Ltd., a gold exploration company focused on Brazil, and Vice President of Corporate Development of Guyana Goldfields Inc, a gold company with an operating gold mine in Guyana.

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

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

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

Murray John and Jeff Parr have been directors of the Corporation since 2017, and through the Corporation have experience with multiple mineral resource properties in Mexico.

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

Permits and Approvals

The Corporation has experienced senior management in Mexico who have dealt with permitting, licensing, and other regulatory approvals on a consistent basis and are in continuous contact with government authorities to ensure all are in place in order to operate under the Mexican NORMA-120 laws. There are currently no restrictions or conditions imposed by the government on the Corporation, nor does the Corporation anticipate and restrictions or conditions to be imposed.

Board Oversight and Control

The Corporation has implemented a system of corporate governance, internal controls over financial matters, and disclosure controls and procedures that apply to the Corporation and its subsidiaries, which are overseen by the Board and implemented by senior management.

While the exploration operations of each of the Corporation's Mexican subsidiaries are managed locally, the Board is responsible for the overall stewardship of the Corporation and, as such, supervises the management of the business and affairs of the Corporation and each of its subsidiaries. More specifically, the Board is responsible for reviewing the strategic business plans and corporate objectives, and approving acquisitions, dispositions, investments, capital expenditures, and other transactions and matters that are material to the Corporation including those of its subsidiaries.

The Board, through its subcommittees, including the Audit Committee, the Nominating and Corporate Governance Committee, and the Sustainability Committee, have effective oversight of the Corporation's assets, including the Corporation's bank accounts (bank account reviews are completed annually through audit confirmations). The Corporation has put in place senior management in Mexico, and members of the Corporation's executive management are directors of the subsidiaries. Budget-to-actual reports and status updates are provided to the Board on a monthly basis.

Executive management of the Corporation meets with the Board at least on a quarterly basis and generally more frequently on an informal basis, any relevant or key topics in Mexico as they relate to operations. Key topics include social and environmental licenses, and government influence at the federal, state, and municipal levels. The Corporation holds minimal cash in Mexican bank accounts (banking with the Bank of Nova Scotia in Mexico) and funds the Mexican operations from Canada on a monthly basis.

Update Regarding Impact of COVID-19 on Operations

The Corporation's business and the anticipated timing and cost of development work and applicable milestones have not been significantly impacted by COVID-19 to date.

The Corporation's operations, financial condition, cash flows, and financial performance have also not been significantly impacted by COVID-19 to date. As the Corporation is not yet operating any mine or facility, the Corporation has not yet had any production or operating cash flow.

The Corporation does not yet operate a mine or facility, as such COVID-19 has not had an impact on productivity and the timing or cost of work. The Corporation has proceeded with commercial discussions during the COVID-19 pandemic and facilitated site visits while following various COVID-19-related protocols.

The Corporation continues to be proactive in mitigating health and safety risks regarding COVID-19 and continually monitors employees and contractors. The Corporation remains committed to being engaged with its local stakeholders during this uncertain time and will continue to closely monitor the directives of all levels of government in both Mexico and Canada as well as the relevant health authorities. Despite the increased risk that the Delta and Omicron variants pose to future exploration at the Cordero Project, all of the drilling required to complete the updated resource and Preliminary Economic Assessment were completed during Q4 2021. To-date, health and safety protocols and the efforts of employees and contractors to manage COVID-19 have been effective and the Corporation continues drilling with four diamond core rigs.

Working Capital

As of March 22, 2023, the Corporation had approximately $39.6 million in cash and approximately $47.1 million in working capital. Other than as disclosed in the Financial Statements, the Corporation does not have any current non-contingent resources with which to fund operations.

The Corporation anticipates being able to continue operations to advance its projects using its currently available financial resources for the next twelve months.

RISK FACTORS

Before deciding to invest in the Securities, investors should carefully consider all of the information contained in, and incorporated or deemed to be incorporated by reference in, this Prospectus and any applicable Prospectus Supplement. An investment in the Securities is subject to certain risks, including risks related to the business of the Corporation, risks related to mining operations and risks related to the Corporation's securities described in the documents incorporated or deemed to be incorporated by reference in this Prospectus. See the risk factors below and the "Risk Factors" section of any applicable Prospectus Supplement and the documents incorporated or deemed to be incorporated by reference herein and therein. Each of the risks described in these sections and documents could materially and adversely affect the Corporation's business, financial condition, results of operations, and prospects, and could result in a loss of the purchaser's investment. Additional risks and uncertainties not known to the Corporation or that the Corporation currently deems immaterial may also impair the Corporation's business, financial condition, results of operations, and prospects.

These risk factors, together with all other information included or incorporated by reference in this Prospectus, including, without limitation, information contained in the section "Cautionary Note Regarding Forward-Looking Statements" as well as the risk factors set out below, should be carefully reviewed and considered by investors.

Some of the factors described herein, in the documents incorporated or deemed incorporated by reference herein are interrelated and, consequently, investors should treat such risk factors as a whole. If any of the adverse effects set out in the risk factors described herein, or in another document incorporated or deemed incorporated by reference herein occur, it could have a material adverse effect on the business, financial condition, and results of operations of the Corporation. Additional risks and uncertainties of which the Corporation currently is unaware of or that are unknown or that it currently deems to be immaterial could have a material adverse effect on the Corporation's business, financial condition and results of operations. The Corporation cannot provide assurance that it will successfully address any or all of these risks. There is no assurance that any risk management steps taken will avoid future loss due to the occurrence of the adverse effects set out in the risk factors herein, or in the other documents incorporated or deemed incorporated by reference herein or other unforeseen risks.

Financing Risks

The Cordero Project will require additional external financing. There can be no assurance that additional capital or other types of financing will be available when needed or that, if available, the terms of such financing will be acceptable to the Corporation. Furthermore, if the Corporation raises additional capital by offering equity securities or securities convertible into equity securities, any additional financing may involve substantial dilution to existing shareholders. Failure to obtain sufficient financing when needed could result in the Corporation being unable to meet specified timelines for the advancement of the development of the Cordero Project and may lead to the indefinite postponement of the advancement thereof. The cost and terms of such financing may also significantly reduce the expected benefits from the Cordero Project or render such projects uneconomic.

COVID-19 and global health crisis

The COVID-19 global outbreak (including the evolving variants) and efforts to contain it may have an impact on the Corporation's business. The Corporation has implemented various safety measures onsite to ensure the safety of its employees and contractors. The Corporation continues to monitor the situation and the impact the virus may have on its projects. Should the virus spread, travel bans remain in place or should one of the Corporation's team members or consultants become infected, the Corporation's ability to advance its projects may be impacted. Similarly, the Corporation's ability to obtain financing and the ability of the Corporation's vendors, suppliers, consultants, and partners to meet obligations may be impacted as a result of COVID-19 and efforts to contain the virus.

Exploration and development

Resource exploration and development is a speculative business and involves a high degree of risk. There is no known body of commercial ore on any of the Corporation's mineral properties. There is no certainty that the expenditures to be made by Discovery in the exploration of its mineral properties otherwise will result in discoveries of commercial quantities of minerals. The marketability of natural resources which may be acquired or discovered by Discovery will be affected by numerous factors beyond the control of Discovery including, but not limited to, the COVID-19 pandemic. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in Discovery not receiving an adequate return on invested capital.

Negative operating cash flow

The Corporation is an exploration stage company and has not generated cash flow from operations. The Corporation is devoting significant resources to the development and acquisition of its properties, however there can be no assurance that it will generate positive cash flow from operations in the future. The Corporation expects to continue to incur negative consolidated operating cash flow and losses until such time as it achieves commercial production at a particular project. The Corporation currently has negative cash flow from operating activities.

Capital resources

Historically, capital requirements have been primarily funded through the sale of Common Shares or other securities of the Corporation. Factors that could affect the availability of financing include the progress and results of ongoing exploration at the Corporation's mineral properties, the state of international debt and equity markets, and investor perceptions and expectations of the global minerals markets. There can be no assurance that such financing will be available in the amount required at any time or for any period or, if available, that it can be obtained on terms satisfactory to the Corporation. Based on the amount of funding raised, the Corporation's planned exploration or other work programs may be postponed, or otherwise revised, as necessary.

Discretion in the Use of Proceeds

While detailed information regarding the use of proceeds from the sale of the Corporation's securities will be described in the applicable Prospectus Supplement, the Corporation will have broad discretion over the use of net proceeds from an offering by the Corporation of its securities. There may be circumstances where, for sound business reasons, a reallocation of funds may be deemed prudent or necessary. In such circumstances, the net proceeds will be reallocated at the Corporation's sole discretion.

Management will have discretion concerning the use of proceeds scribed in the applicable Prospectus Supplement as well as the timing of their expenditures. As a result, an investor will be relying on the judgment of management for the application of the proceeds. Management may use the net proceeds described in a Prospectus Supplement in ways that an investor may not consider desirable. The results and the effectiveness of the application of the proceeds are uncertain. If the proceeds are not applied effectively, the Corporation's results of operations may suffer.

Securities of Discovery are subject to price volatility

Capital and securities markets have a high level of price and volume volatility, and the market price of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Factors unrelated to the financial performance or prospects of Discovery include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries or asset classes. There can be no assurance that continued fluctuations in mineral or commodity prices will not occur. As a result of any of these factors, the market price of the Common Shares of Discovery at any given time may not accurately reflect the long-term value of Discovery.

In the past, following periods of volatility in the market price of a company's securities, shareholders have instituted class action securities litigation against them. Such litigation, if instituted, could result in substantial cost and diversion of management attention and resources, which could significantly harm profitability and the reputation of Discovery.

Sales of a significant number of Common Shares in the public markets, or the perception of such sales, could depress the market price of the Common Shares

Sales of a substantial number of Common Shares or other equity-related securities in the public markets by the Corporation or its significant shareholders could depress the market price of the Common Shares and impair the Corporation's ability to raise capital through the sale of additional equity securities. The Corporation cannot predict the effect that future sales of Common Shares or other equity-related securities would have on the market price of the Common Shares. The price of the Common Shares could be affected by possible sales of the Common Shares by hedging or arbitrage trading activity. If the Corporation raises additional funding by issuing additional equity securities, such financing may substantially dilute the interests of shareholders of the Corporation and reduce the value of their investment.

Holders of Common Shares will be diluted

The Corporation may issue additional securities in the future, which may dilute a shareholder's holdings in the Corporation. The Corporation's notice of articles permits the issuance of an unlimited number of Common Shares, and shareholders will have no pre-emptive rights in connection with such further issuance. The directors of the Corporation have discretion to determine the price and the terms of further issuances. Moreover, additional Common Shares will be issued by the Corporation on the exercise of options under the Corporation's stock option plan, and may be issued on the exercise of equity incentives under the Corporation's restricted share unit plan or deferred share unit plan, and upon the exercise of outstanding warrants.

Market for Securities

There is currently no market through which the Corporation's securities, other than Common Shares, may be sold and, unless otherwise specified in the applicable Prospectus Supplement, Warrants, Subscription Receipts, or Units will not be listed on any securities or stock exchange or any automated dealer quotation system. As a consequence, purchasers may not be able to resell Warrants, Subscription Receipts, or Units purchased under this Prospectus. This may affect the pricing of the

Corporation’s securities, other than its Common Shares, in the secondary market, the transparency and availability of trading prices, the liquidity of these securities, and the extent of issuer regulation. There can be no assurance that an active trading market for the Corporation’s securities, other than Common Shares, will develop or, if developed, that any such market, including for Common Shares, will be sustained.

Difficulty in Enforcement of Judgements

The majority of the Corporation’s subsidiaries and assets are located outside of Canada. Accordingly, it may be difficult for investors to enforce within Canada any judgments obtained against the Corporation, including judgments predicated upon the civil liability provisions of applicable Canadian securities laws. Consequently, investors may be effectively prevented from pursuing remedies against the Corporation under Canadian securities laws.

The Corporation has subsidiaries existing in Mexico and the British Virgin Islands. Certain directors of the Corporation reside outside of Canada and substantially all of the assets of these persons are located outside of Canada. It may not be possible for shareholders to effect service of process against the Corporation’s directors and officers who are not resident in Canada. In the event a judgment is obtained in a Canadian court against one or more of those directors for violations of Canadian securities laws, it may not be possible to enforce such judgment against those directors not resident in Canada. Additionally, it may be difficult for an investor, or any other person or entity, to assert Canadian securities law claims in original actions instituted in Mexico or the British Virgin Islands. Courts in that jurisdiction may refuse to hear a claim based on a violation of Canadian securities laws on the grounds that such jurisdiction is not the most appropriate forum to bring such a claim. Even if a foreign court agrees to hear a claim, it may determine that the local law, and not Canadian law, is applicable to the claim. If Canadian law is found to be applicable, the content of applicable Canadian law must be proven as a fact, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by foreign law.

CONSOLIDATED CAPITALIZATION

Other than the exercise of common share purchase warrants for aggregate proceeds to the Corporation of approximately $18 million, as announced on June 9, 2022, there have been no material changes in the share capital of the Corporation, on a consolidated basis, since the date of the Financial Statements. See “Documents Incorporated by Reference” and “The Corporation – Recent Developments”.

USE OF PROCEEDS

Unless otherwise indicated in a Prospectus Supplement, we currently expect to use the net proceeds from the sale of Securities offered hereby primarily to fund the development of the Cordero Project or future construction of the mine, including bringing it to commercial production, to pursue other exploration and development opportunities, whether through direct or indirect acquisitions of properties, applications for mineral title rights, or otherwise, and for working capital and general corporate purposes. Any specific allocation of the net proceeds of an Offering to a specific purpose will be determined at the time of the Offering and will be described in the relevant Prospectus Supplement. The Corporation generates no operating revenue from the exploration activities on its property interests and has negative cash flow from operating activities. The Corporation anticipates that it will continue to have negative cash flow until such time that the Cordero Project reaches commercial production and begins generating revenues from the sale of concentrates. To the extent that the Corporation has negative cash flows in future periods in excess of net proceeds from the sale of Securities, it may need to deploy a portion of net proceeds from the sale of Securities to fund such negative cash flow. See “Risk Factors”, notably the “Negative operating cash flow” risk factor.

The following table sets out key milestones to advance the Cordero Project to the Feasibility Study stage. The proposed budget costs of US$21.1 set out in the PFS Report correspond to the total costs in the table below or approximately C$27.4, and an exchange rate of approximately US$1.00 to C$1.30).

Milestone	Anticipated Start Date	Anticipated Timing for Completion	Costs Incurred to Date ($US millions)	Costs Remaining to Complete the Milestone ($US millions)
Exploration and Drilling	Q1 2023 (Jan)	Q1-Q4 2023	$0.2	$9.0
Metallurgical Characterization	Q1 2023 (Mar)	Oct 2023	nil	$0.7
Mineral Resources	Q2 2023 (Apr)	Feb 2024	Nil	$5.5
Geotechnical Studies	Q2 2023 (Jun)	Oct 2023	Nil	$0.5
Mine Engineering	Q3 2023 (Aug)	Dec 2023	Nil	$0.2
Tailings Storage Facility Studies	Q2 2023 (May)	Dec 2023	Nil	$2.9
Site Wide Water Balance	Q3 2023 (Sep)	Dec 2023	Nil	$0.6
Environmental Studies, Permitting and Social or Community Impact	Q1 2023 (Apr)	Dec 2023	Nil	$0.5
Hydrogeology	Q2 2023 (Apr)	Nov 2023	Nil	$1.0
TOTAL			**$0.2**	**$20.9**

The next significant milestone for the Cordero Project is to advance the Cordero Project through the Feasibility Study stage, by completing the subset of milestones listed in the above table. The Feasibility Study is expected to be completed in the first half of 2024.

PLAN OF DISTRIBUTION

The Corporation may from time to time, during the 25-month period that this Prospectus remains valid, offer for sale and issue Securities. The Corporation may issue and sell up to $300,000,000, in the aggregate, of Securities.

The Corporation may offer and sell the Securities through underwriters or dealers, directly to one or more purchasers or through agents. The Corporation may offer Securities in the same offering, or we may offer Securities in separate offerings. Each Prospectus Supplement, to the extent applicable, will describe the number and terms of the Securities to which such Prospectus Supplement relates, the name or names of any underwriters or agents with whom the Corporation has entered into arrangements with respect to the sale of such Securities, the public offering or purchase price of such Securities and the Corporation's net proceeds. The Prospectus Supplement will also include any underwriting discounts or commissions and other items constituting underwriters' compensation and will identify any securities exchanges on which the Securities may be listed.

The Securities may be sold, from time to time, in one or more transactions at a fixed price or prices, which may be changed, at market prices prevailing at the time of sale, at prices related to such prevailing market price, at varied prices determined at the time of sale, or at negotiated prices, including sales in transactions that are deemed to be "at-the-market distributions" as defined in NI 44-102, including sales made directly on the TSX or other existing trading markets for the Securities. The prices at which the Securities may be offered may vary as between purchasers and during the period of distribution. If, in connection with the offering of the Securities at a fixed price or prices, the underwriters have made a *bona fide* effort to sell all of the Securities at the initial offering price fixed in the applicable Prospectus Supplement, the public offering price may be decreased and thereafter further changed, from time to time, to an amount not greater than the initial offering price fixed in such Prospectus Supplement, in which case the compensation realized by the underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Securities is less than the gross proceeds paid by the underwriters to the Corporation.

Only underwriters named in the Prospectus Supplement are deemed to be underwriters in connection with such Securities offered by that Prospectus Supplement.

Under agreements which may be entered into by the Corporation, underwriters, dealers, and agents who participate in the distribution of Securities may be entitled to indemnification by the Corporation against certain liabilities, including liabilities under applicable Canadian securities legislation, or to contribution with respect to payments which such underwriters, dealers, or agents may be required to make in respect thereof. The underwriters, dealers, and agents with whom the Corporation enters into agreements may be customers of, engage in transactions with, or perform services for, the Corporation in the ordinary course of business.

Agents, underwriters or dealers may make sales of Securities in privately negotiated transactions and/or any other method permitted by law, including sales deemed to be an “at-the-market distribution” as defined in NI 44-102 and subject to limitations imposed by and the terms of any regulatory approvals required and obtained under, applicable Canadian securities laws which includes sales made directly on an existing trading market for the Common Shares, or sales made to or through a market maker other than on a securities exchange. In connection with any offering of Securities, other than an “at-the-market distribution”, the underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Securities offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

No underwriter or dealer involved in an “at-the-market distribution” under this Prospectus, no affiliate of such an underwriter or dealer, and no person or company acting jointly or in concert with such an underwriter or dealer, may, in connection with the distribution, enter into any transaction that is intended to stabilize or maintain the market price of the Securities or securities of the same class as the Securities distributed under the Prospectus Supplement, including selling an aggregate number or principal amount of Securities that would result in the underwriter creating an over-allocation position in the Securities.

The Corporation may authorize agents or underwriters to solicit offers by eligible institutions to purchase Securities from the Corporation at the public offering price set forth in the applicable Prospectus Supplement under delayed delivery contracts providing for payment and delivery on a specified date in the future. The conditions to these contracts and the commissions payable for solicitation of these contracts will be set forth in the applicable Prospectus Supplement.

Each class or series of Securities, other than the Common Shares, will be a new issue of Securities with no established trading market. Subject to applicable laws, any underwriter may make a market in such Securities, but will not be obligated to do so and may discontinue any market making at any time without notice. There may be limited liquidity in the trading market for any such Securities. Unless otherwise specified in the applicable Prospectus Supplement, the Corporation does not intend to list any of the Securities other than the Common Shares on any securities exchange. Consequently, unless otherwise specified in the applicable Prospectus Supplement, there is no trading market through which the Warrants, Subscription Receipts, or Units may be sold and purchasers may not be able to resell any such Securities purchased under this Prospectus. This may affect the pricing of such Securities in the secondary market, the transparency and availability of trading prices, the liquidity of such Securities and the extent of issuer regulation. See “Risk Factors”. No assurances can be given that a market for trading in Securities of any series or issue will develop or as to the liquidity of any such market, whether or not the Securities are listed on a securities exchange.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

Common Shares

The Corporation is authorized to issue an unlimited number of the Common Shares. The Corporation may issue Common Shares on exercise of Warrants (as defined below).

Holders of Common Shares are entitled to receive notice of any meeting of shareholders of the Corporation, to attend and to cast one vote per share at such meetings. Holders of Common Shares are also entitled to receive on *a pro-rata* basis such dividends, if any, as and when declared by the Board at its discretion from funds legally available therefor and upon the liquidation, dissolution, or winding up of the Corporation are entitled to receive on a *pro-rata* basis, the net assets of the Corporation after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions, and conditions attaching to any other series or class of shares ranking senior in priority. The Common Shares do not carry any pre-emptive, subscription, redemption, or conversion rights.

Warrants

The Corporation may issue Warrants to purchase Common Shares. Warrants may be issued independently or together with other Securities and may be attached to or separate from those Securities. Warrants will be issued under one or more warrant indentures, including supplemental indentures to one of the Corporation's existing warrant indentures, to be entered into between the Corporation and one or more banks or trust companies acting as warrant agent, to be named in the relevant Prospectus Supplement, which will establish the terms and conditions of the Warrants. A copy of any warrant indenture or supplemental warrant indenture relating to an offering of Warrants will be filed by the Corporation with the securities regulatory authorities in applicable Canadian offering jurisdictions.

The following description sets forth certain general terms and provisions of the Warrants and is not intended to be complete. Particular terms of the Warrants offered by the Corporation should be read carefully and will be described in more detail in any applicable Prospectus Supplement. The statements made in this Prospectus relating to any warrant indenture and Warrants to be issued thereunder are summaries of certain anticipated provisions thereof and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable warrant indenture and the Prospectus Supplement describing such warrant indenture. The Prospectus Supplement will also state whether any of the general provisions summarized below do not apply to the Warrants being offered.

Any Prospectus Supplement relating to any Warrants the Corporation offers will describe the terms of the Warrants and include specific terms relating to their offering. All such terms will comply with the requirements of the TSX relating to Warrants. This description will include, where applicable:

- the designation and aggregate number of Warrants offered;
- the price at which the Warrants will be offered;
- the currency or currencies in which the Warrants will be offered;
- the date on which the right to exercise the Warrants will commence and the date on which the right will expire;
- the number of Common Shares that may be purchased upon exercise of each Warrant and the price at which and currency or currencies in which the Common Shares may be purchased upon exercise of each Warrant;
- the terms of any provisions allowing or providing for adjustments in (i) the number and/or class of shares that may be purchased, (ii) the exercise price per share, and/or (iii) the expiry of the Warrants;
- whether the Corporation will issue fractional Common Shares on exercise of Warrants;
- whether the Corporation has applied to list the Warrants on a securities exchange;
- the designation and terms of any Securities with which the Warrants will be offered, if any, and the number of the Warrants that will be offered with or as part of Securities;
- the date or dates, if any, on or after which the Warrants and the related Securities will be transferable separately;
- whether the Warrants will be subject to redemption and, if so, the terms of such redemption provisions;
- material Canadian federal income tax consequences of owning the Warrants; and
- any other material terms or conditions of the Warrants.

The holders of Warrants will not be shareholders of the Corporation. Holders of Warrants are entitled only to receive the Common Shares subject to the Warrants on satisfaction of the conditions provided in the warrant indenture or supplemental warrant indenture.

Subscription Receipts

The Corporation may issue Subscription Receipts that will entitle holders to receive, upon satisfaction of certain release conditions and for no additional consideration, Common Shares, Warrants, Units, or any combination thereof. Subscription Receipts will be issued pursuant to one or more subscription receipt agreements (each, a "**Subscription Receipt Agreement**"), each to be entered into between the Corporation and an escrow agent (the "**Escrow Agent**"), to be named in the relevant Prospectus Supplement, which will establish the terms and conditions of the Subscription Receipts. Each Escrow Agent will be a financial institution, law firm, or transfer agent organized under the laws of Canada or a province thereof and authorized to carry on business as a trustee. If underwriters or agents are used in the sale of any Subscription Receipts, one or more of such underwriters or agents may also be a party to the Subscription Receipt Agreement governing the Subscription Receipts sold to or through such underwriter or agent. A copy of any Subscription Receipt Agreement will be filed by the Corporation with the securities regulatory authorities in applicable Canadian offering jurisdictions and the United States after the Corporation has entered into it.

The following description sets forth certain general terms and provisions of Subscription Receipts and is not intended to be complete. Particular terms of the Subscription Receipts that are offered by the Corporation should be read carefully and will be described in more detail in any applicable Prospectus Supplement. The statements made in this Prospectus relating to any Subscription Receipt Agreement and Subscription Receipts to be issued thereunder are summaries of certain anticipated provisions thereof and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable Subscription Receipt Agreement and the Prospectus Supplement describing such Subscription Receipt Agreement. The Prospectus Supplement will also state whether any of the general provisions summarized below do not apply to the Subscription Receipts being offered.

Any Prospectus Supplement relating to any Subscription Receipts the Corporation offers will describe the terms of the Subscription Receipts and include specific terms relating to their offering. All such terms will comply with the requirements of the TSX relating to Subscription Receipts. This description will include, where applicable:

- the designation and aggregate number of Subscription Receipts offered;
- the price at which the Subscription Receipts will be offered;
- the currency or currencies in which the Subscription Receipts will be offered;
- the designation, number, and terms of the Common Shares, Warrants, Units, or any combination thereof to be received by holders of Subscription Receipts upon satisfaction of the release conditions, and the procedures that will result in the adjustment of those numbers;
- the conditions (the "**Release Conditions**") that must be met in order for holders of Subscription Receipts to receive for no additional consideration Common Shares, Warrants, Units, or any combination thereof;
- the procedures for the issuance and delivery of the Common Shares, Warrants, Units, or any combination thereof to holders of Subscription Receipts upon satisfaction of the Release Conditions;
- whether any payments will be made to holders of Subscription Receipts upon delivery of the Common Shares, Warrants, Units, or any combination thereof upon satisfaction of the Release Conditions;
- the identity of the Escrow Agent;
- the terms and conditions under which the Escrow Agent will hold all or a portion of the gross proceeds from the sale of Subscription Receipts, together with interest and income earned thereon (collectively, the "**Escrowed Funds**"), pending satisfaction of the Release Conditions;
- the terms and conditions pursuant to which the Escrow Agent will hold the Common Shares, Warrants, Units, or any combination thereof pending satisfaction of the Release Conditions;
- the terms and conditions under which the Escrow Agent will release all or a portion of the Escrowed Funds to the Corporation upon satisfaction of the Release Conditions;
- if the Subscription Receipts are sold to or through underwriters or agents, the terms and conditions under which the Escrow Agent will release a portion of the Escrowed Funds to such underwriters or agents in payment of all or a portion of their fees or commission in connection with the sale of the Subscription Receipts;
- procedures for the refund by the Escrow Agent to holders of Subscription Receipts of all or a portion of the subscription price for their Subscription Receipts, plus any *pro rata* entitlement to interest earned or income generated on such amount, if the Release Conditions are not satisfied;
- any entitlement of the Corporation to purchase the Subscription Receipts in the open market by private agreement or otherwise;
- whether the Corporation will issue the Subscription Receipts as global securities and, if so, the identity of the depositary for the global securities;
- whether the Corporation will issue the Subscription Receipts as bearer securities, registered securities or both;
- provisions as to modification, amendment, or variation of the Subscription Receipt Agreement or any rights or terms attaching to the Subscription Receipts, including upon any subdivision, consolidation, reclassification, or other material change of the Common Shares, Warrants, or other securities of the Corporation, any other reorganization, amalgamation, merger, or sale of all or substantially all of the Corporation's assets or any distribution of property or rights to all or substantially all of the holders of Common Shares;
- whether the Corporation has applied to list the Subscription Receipts on a securities exchange;
- material Canadian federal tax consequences of owning the Subscription Receipts; and
- any other material terms or conditions of the Subscription Receipts.

The holders of Subscription Receipts will not be shareholders of the Corporation. Holders of Subscription Receipts are entitled only to receive Common Shares, Warrants, Units, or any combination thereof on satisfaction of the conditions provided in the Subscription Receipt Agreement, including the satisfaction of any cash payment provided in the Subscription Receipt Agreement, if the Release Conditions are satisfied. If the Release Conditions are not satisfied, holders of Subscription

Receipts shall be entitled to a refund of all or a portion of the subscription price therefor and all or a portion of the *pro rata* share of interest earned or income generated thereon, as provided in the Subscription Receipt Agreement.

Escrow

The Subscription Receipt Agreement will provide that the Escrowed Funds will be held in escrow by the Escrow Agent, and such Escrowed Funds will be released to the Corporation (and, if the Subscription Receipts are sold to or through underwriters or agents, a portion of the Escrowed Funds may be released to such underwriters or agents in payment of all or a portion of their fees in connection with the sale of the Subscription Receipts) at the time and under the terms specified by the Subscription Receipt Agreement. If the Release Conditions are not satisfied, holders of Subscription Receipts will receive a refund of all or a portion of the subscription price for their Subscription Receipts plus their *pro rata* entitlement to interest earned or income generated on such amount, in accordance with the terms of the Subscription Receipt Agreement. The Common Shares, Warrants, Units, or any combination thereof may be held in escrow by the Escrow Agent, and will be released to the holders of Subscription Receipts following satisfaction of the Release Conditions at the time and under the terms specified in the Subscription Receipt Agreement.

Rescission

The Subscription Receipt Agreement will also provide that any material misrepresentation in this Prospectus, the Prospectus Supplement under which the Subscription Receipts are offered, or any amendment hereto or thereto, will entitle each initial purchaser of Subscription Receipts to a contractual right of rescission following the issuance of the Common Shares or Warrants to such purchaser entitling such purchaser to receive the amount paid for the Subscription Receipts upon surrender of the Common Shares or Warrants, provided that such remedy for rescission is exercised in the time stipulated in the Subscription Receipt Agreement. This right of rescission does not extend to holders of Subscription Receipts who acquire such Subscription Receipts from an initial purchaser, on the open market or otherwise, or to initial purchasers who acquire Subscription Receipts in the United States.

Global Securities

The Corporation may issue Subscription Receipts in whole or in part in the form of one or more global securities, which will be registered in the name of and be deposited with a depositary, or its nominee, each of which will be identified in the applicable Prospectus Supplement. The global securities may be in temporary or permanent form. The applicable Prospectus Supplement will describe the terms of any depositary arrangement and the rights and limitations of owners of beneficial interests in any global security. The applicable Prospectus Supplement will also describe the exchange, registration, and transfer rights relating to any global security.

Modifications

The Subscription Receipt Agreement will provide for modifications and alterations to the Subscription Receipts issued thereunder by way of a resolution of holders of Subscription Receipts at a meeting of such holders or by a consent in writing from such holders. The number of holders of Subscription Receipts required to pass such a resolution or execute such a written consent will be specified in the Subscription Receipt Agreement. The Subscription Receipt Agreement will also specify that the Corporation may amend any Subscription Receipt Agreement and the Subscription Receipts, without the consent of the holders of the Subscription Receipts, to cure any ambiguity, to cure, correct, or supplement any defective or inconsistent provision, or in any other manner that will not materially and adversely affect the interests of the holders of outstanding Subscription Receipts or as otherwise specified in the Subscription Receipt Agreement.

Units

The Corporation may issue Units consisting of one or more Common Shares, Warrants, Subscription Receipts, or any combination of such Securities. Particular terms of the Units that are offered by the Corporation should be read carefully and will be described in more detail in any applicable Prospectus Supplement.

Any Prospectus Supplement relating to any Units the Corporation offers will describe the terms of the Units and include specific terms relating to their offering. All such terms will comply with the requirements of the TSX relating to Units. This description will include, where applicable:

- the designation and aggregate number of Units being offered;
- the price at which the Units will be offered;
- the designation and terms of the Units and the applicable Securities included in the Units;
- the description of the terms of any agreement governing the Units;
- any provision for the issuance, payment, settlement, transfer, or exchange of the Units;
- the date, if any, on and after which the Units may be transferable separately;
- whether we have applied to list the Units on a securities exchange;
- material Canadian federal tax consequences of owning the Units;
- how, for federal income tax purposes, the purchase price paid for the Units is to be allocated among the component Securities; and
- any other material terms or conditions of the Units.

The foregoing summary of certain of the principal provisions of the Securities is a summary of anticipated terms and conditions only and is qualified in its entirety by the description in the applicable Prospectus Supplement under which any Securities are being offered.

THE CORDERO PROJECT

Property Description, Location, and Ownership

Cordero is a silver deposit owned by Discovery in northern Mexico, in the south of the state of Chihuahua, approximately 600 km from the border with the United States (see Figure 1-1). The project is accessed by vehicle 200 km southwest from Chihuahua City along State Highway 16 to the Parral turn-off to State Highway 24, then 150 km south on Highway 24 where an access road heads east for 10 km to the project site. The Cordero property consists of the 26 titled Mining Concessions totalling 34,909 contiguous hectares owned by Minera Titán S.V. de C.V. Mexico ("**Titán**"), a wholly-owned Mexican subsidiary of Discovery. Mining concessions are granted for 50 years and may be renewed for an additional 50 years. Concessions are granted on a mining lot that may comprise the area requested by the interested party. There are no limitations to the number of hectares for each mining lot.

The main obligations of the concessionaires are:

- to carry out exploration and exploitation works
- pay mining duties
- comply with safety and environmental protection regulations
- submit reports to the authorities and fulfill other obligations of lesser importance.

For the San Pedro concession, there is an agreement (the "Cordilleras Contract" in Figure 4-5) between Cordilleras and Titán that requires Titán to pay Cordilleras a 2% NSR royalty. Titán can assign the obligation of payment of the royalty to a third party by written notice sent to Cordilleras. If Cordilleras decides to sell its right to receive the royalty, Titán will have the right of first refusal on the same terms and conditions that Cordilleras offered to a third party.

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

Source: RedDot3D, 2021.

For the Josefina, Berta, La Unidad II, and La Unidad mineral concessions there is an agreement (the "Eloy Contract" in Figure 4-5) between Titán and two concessionaires: Mr. Eloy Herrera Martínez and Cleotilde de la Rosa Ríos which requires Titán to pay a 1% NSR royalty to the concessionaires. If the concessionaires decide to sell their right to receive the royalty, Titán will have the right of first refusal on the same terms and conditions that the concessionaires offered to a third party.

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

History

Historical records and anecdotal information indicate that the region around Cordero has supported mining activity since the early 17th century when the Spanish established Real de San José at what is now the town of Hidalgo de Parral (or simply, "Parral"). At Cordero, 35 shallow vertical shafts can still be found along with associated small prospect pits on outcrops of high-grade silver-lead-zinc veins. In shafts that remain accessible, small open stopes can be found at the bottom. The lack of commentary on production at Cordero by the The Parral Silver Company, suggests that mining on the higher ground of Cordero remained small in scale and unorganized into the late 19th century. By the start of the 20th century, the American Smelting and Refining Company ("**Asarco**") operated small mines on what is now the Cordero property, including La Luz, La Ceniza, and Josefina where they worked veins and breccias with high-grade sulphide mineralization. The lack of tailings around the old mill at La Luz, the largest of Asarco's mines at Cordero, indicates that it was not operational for any significant length of time. In 2013, Titán consolidated claim ownership in the district, bringing unorganized artisanal mining at Cordero to an end. From the very earliest artisanal mining at Cordero, through to the past decade, a shallow water table has created difficulties with dewatering, making all the historical mines at Cordero necessarily shallow. Although three centuries of mining confirm that Cordero hosts abundant silver, lead, zinc, and gold, historical mines have drawn their production only from some of the near-surface resources. Deeper mineralization remains untouched by past production.

In 2000, Industrias Peñoles completed a review of the region for copper, molybdenum, and gold potential, and drilled a few short holes on the Sansón stock, and on the Valle Intrusive Complex. From 2006 to 2009, Valley High Ventures Ltd. ("**Valley High**") owned the mineral concessions through their wholly owned subsidiary, Coro Minera. Valley High carried out surface exploration work, compiled the project's first comprehensive database, and organized drill core that had been stored in several different secure locations. By 2009, Valley High had dropped half of its claim holdings and entered into a joint venture agreement with Levon. Beginning in 2009, Levon re-staked mineral concessions that had been dropped by Valley High and added adjoining mineral concessions. By 2011, Levon had met their vesting requirements for 100% of the property and bought out Valley High. In 2013, Levon added a significant addition to the package of mineral concessions with purchase of the Aida claim. In 2019, Levon merged with Discovery Metals Corp. In April 2021, Discovery Metals Corp., which changed its name to Discovery Silver Corp., held 100% ownership of the mineral rights that cover all the land needed for a large open pit that targets Cordero's bulk of mineralization at depth.

Exploration work completed by Valley High included geological mapping, rock sampling, gridded soil sampling, and trenching at the Sansón, La Ceniza, and the Cordero Main target areas. Historic drill core was re-logged and re-sampled, and the results recognized the potential for bulk tonnage targets on the property. Levon carried out reconnaissance mapping which confirmed the importance of three magmatic hydrothermal belts on the property. In 2009, 2010, and 2011, several different geophysical survey companies completed ground-based and airborne-based geophysical surveys over the Cordero Magmatic-Hydrothermal Belt including ground-based gravity and 3D induced polarization (IP) surveys over the Dos Mil Diez, Pozo de Plata, and Molino de Viento targets. The Cordero main intrusive complex, and La Ceniza Stock defined areas where the chargeability shows a strong multi-km long anomaly both within, and well outside the 2022 resource area to the northeast. In 2010, Aeroquest flew an airborne electromagnetic, magnetic, and radiometric survey over the main Cordero Magmatic-Hydrothermal belt. The aeromagnetic results defined a sizeable inferred buried intrusive center, north-northeast of the current resource area with an estimated depth of 3.0 km. The radiometric survey defined a high potassium anomaly centered over the 2022 resource pit as well as along the Cordero Magmatic-Hydrothermal Belt coincident with known exploration targets. In 2013, Levon completed a 3D IP survey over the La Perla target as well as a magnetotelluric (MT) survey over the Molino de Viento target.

Levon initiated the first significant drilling on the project starting in 2010 and continuing through 2017. Drilling by Levon totaled 133,620 m from 292 core drill holes. The drilling by Levon resulted in the initial definition of the bulk tonnage mineral resource at Cordero.

Evidence of past production at Cordero consists of 35 vertical shafts and approximately 104 mined-out stopes that reach to surface. The stopes vary between 1 and 2 meters in width and are characterized by oxides and sulphides of high-grade Ag-Pg-Zn ± Au veins and vein breccias, some of which outcrop on surface. Local workers and former small-scale underground miners that used to work in these stopes reported that most of the production involved directly shipping mineralized material that was hand sorted, shipped, and processed in Parral. The historical mines of La Luz, La Ceniza and Josefina show evidence of water pumping efforts and support the anecdotal knowledge that the Cordero project area has abundant groundwater. Local workers have reported that most of the vertical workings are excavated to the water table located at an approximate depth of 50 to 80 m. No reliable records of historical mining have been encountered to date.

Levon filed a technical report on SEDAR that described a mineral resource estimate based on all data available through April 2014. The mineral resource estimate was prepared in accordance with the requirements of NI 43-101. The mineral resource was estimated using an inverse distance ID6 model constrained by an open pit shell. A silver equivalent grade was calculated for each block based on the metal grades, estimate of mill recovery for each metal, and the metal prices. Although the 2017 resource estimate was prepared in accordance with NI 43-101, no qualified person has done sufficient work to classify the historical estimate as current mineral resources and it has since been superseded by the Corporation's own mineral resource estimate provided in section 14 of the PFS. Discovery is not treating the historical estimate as current.

In 2018, Levon produced a PEA report with an effective date of March 1, 2018, that was prepared in accordance with NI 43-101. The 2018 mineral resource estimate was based on 263 drill holes (126,235 m of drilling) completed by the end of 2017. The mineral resource was estimated utilizing an inverse distance methodology and contemplated an open pit geometry based on a standard flotation mill with separate zinc and lead circuits, mill recoveries, operating costs for processing, G&A and mining. A silver equivalent grade was calculated for each block based on metal grades, estimate of mill recovery for each metal, and the metal prices. No qualified person has done sufficient work to classify the historical estimate as current mineral resources and Discovery is not treating the historical estimate as current mineral resources. The 2018 historical mineral resource estimate has been superseded by the Corporation's own mineral resource estimate provided in section 14 of the PFS Report.

Geology and Mineralization

Regionally, Cordero lies in an area where sedimentary rocks of the Eastern Basin and Range geological province meet the volcanic rocks of the Sierra Madre Occidental province. The tectonic and magmatic history of the Sierra Madre Occidental (Tertiary Volcanic Province) is thought to extend into parts of eastern and southern Chihuahua as far south as Cordero where the landscape is dominated by Oligocene-Miocene basaltic-andesites, Oligocene ignimbrites, and Eocene volcanic and intrusive rocks (Ferrari et al., 2007). There are three major southwest to northeast magmatic-hydrothermal belts that crosscut the Cordero property subparallel to major transcurrent faults in the area. Other faults in the area include reverse, extensional and normal faults.

The focus of drilling in the current resource area in the past decade has been along the central Cordero magmatic-hydrothermal belt comprised of high-K felsic to intermediate igneous rocks and related breccias, locally forming resistant silicified structural domes bisected by a series of sub-parallel transcurrent structural corridors (e.g., Cordero, Parcionera, Josefina and Todos Santos). The Cordero fault corridor has uniquely been exploited by a unique sheeted dyke complex that can be followed for 3 km from Pozo de Plata in the southwest to La Boquilla in the northeast. Several NNW-trending reverse faults have severely deformed the sediments and at least two NW-trending normal faults (e.g., Mega and Southwest faults) have offset the sedimentary and igneous rock package down to the southwest in a stair-step fashion. Mineralization style and associated alteration changes from La Ceniza in the northeast where replacement skarn mineralization is prevalent to a breccia complex in the southwest at the Pozo de Plata breccia complex where gold grades are higher.

Metal tenor, alteration, mineralization-style and sedimentary facies change from the northeast at La Ceniza where the eastern contact of a large rhyodacite intrusion has formed a 0.5 km long contact metamorphic skarn/hornfels aureole hosting replacement-style Zn-Cu skarn mineralization locally cut by quartz-molybdenite-chalcopyrite-pyrite stockwork increasing to a depth of 1,174.1 m. Historical small-scale mining was focused on NE-trending Ag-Pb-Zn mineralized structural corridors comprised of vein, vein breccia, stockwork, and mill breccias that bisect the earlier intrusions and replacement skarn mineralization. At the Pozo de Plata breccia complex higher gold grades are associated with the interface between galena-pyrite in electrum. Favoured mineralization sites include a variety of breccias derived from differing mechanisms including contact breccia, intrusive breccia, mill breccia, mud breccia, fault breccia and sedimentary collapse breccia.

The precious and base metal mineralization is spatially associated with sulphide minerals such as pyrite, galena, sphalerite, and chalcopyrite. Weathering has created a near-surface oxide layer comprised of primarily jarosite and hematite, locally up to 40 m in thickness, where sulphide minerals are generally absent and precious metals including silver and gold are elevated in grade.

Cordero has characteristics of superimposed deposit types with likely differing emplacement ages. Much of it is similar to some extensional (E-type) intermediate sulphidation epithermal systems on the shoulder of a buried porphyry molybdenum system forming in extension rift-type settings. Parts of Cordero resembles some intrusion-related carbonate-hosted Pb-Zn (Ag, Cu, Au) deposits further north in Chihuahua State. In the northeast of the resource area Cordero is dominated by replacement-style Zn-Cu (sphalerite-chalcopyrite) ± veinlets of Pb-Ag mineralization coincident with the contact metamorphic aureole at the La Ceniza Intrusive Complex in favourable protoliths like calcareous sandstone and fossiliferous limestone.

Exploration

Since it acquired the project through its acquisition of Levon in 2019, Discovery extended surface reconnaissance to cover other known exploration targets identified by geophysics along the same central trend of hydrothermally altered igneous rocks.

In 2019, Discovery commissioned Geotech to acquire VTEM airborne electromagnetics (AEM) over the entire Cordero property to map lithologies under cover. In 2022, Discovery commissioned Arrow Geosciences Pty Ltd. to reprocess all historical geophysical survey data collected by Levon. In 2022, Discovery commissioned Zonge International to collect induced polarization (IP) survey data over select target areas including Molino de Viento, Dos Mils Diez, Sansón and north La Perla across a major NW-trending extension fault. The reprocessed geophysics in conjunction with the geophysical data acquired by Discovery has indicate targets for continued exploration beyond the current mineral resource extents at Cordero.

In 2022, Discovery completed detailed geological mapping over high priority targets identified during historical and 2021 exploration campaigns. New geological mapping covers an area measuring 10,181.25 hectares (101.18125 km^2), which brings the total geological mapping and sampling coverage to 11,691.25 hectares (116.9125 km^2). These mapped targets formed along two mineralized sinistral releasing bends along the 15 km long, Cordero Magmatic-Hydrothermal belt from Molino de Viento in the southwest to Sansón in the northeast. A total of 2,902 rock samples were collected in support of the geologic mapping effort in 2022. Results from the geologic mapping and sampling on several exploration targets including Dos Mil Diez and Molino do Viento to the southwest, La Perla to the immediate south, and La Ceniza and Sansón to the northeast of the main Cordero target that warrant follow-up exploration and drilling in 2023.

Drilling

Extensive drilling has been completed on the Cordero property totaling 305,302 m in 7438 drill holes. These drilling campaigns took place over several years by Levon from 2009 to 2014 and in 2017, and core drilling continued between 2019 to 2022 by Discovery. The most recent core hole drilled on the project was C22-735 ending in December 2022. Table 1-1 summarizes the year, number, total meters and intent of the drilling completed by Discovery from 2019 through 2022 ending with drillhole C22-735.

Table 1-1: Summary of Drilling by Discovery to December 2022

Company	Year	Drill Holes	Meters	Notes
Discovery	2019	17	5,904.85	Resource area core holes
Discovery	2020	99	39,484.30	Resource area core holes
Discovery	2021	178	85,347.05	Resource area core holes
Discovery	2021	2	807.90	Geotech oriented core (pit-wall stability piezometer holes)
Discovery	2022	149	59,620.60	Resource core holes and exploration core holes
Discovery	2022	17	1,918.75	Geotechnical oriented core (pit-wall stability)
Discovery	2022	89	4,546.45	Oxide resource definition in core holes
Discovery	2022	6	2,190.00	Reverse circulation – hydrology holes
Totals		**295**	**1,99,820**	

Notes: 1. Includes holes drilled on other exploration targets outside of the 2022 resource pit. 2. Drill holes counted in the year in which they were completed. 3. Reverse-circulation holes were drilled for engineering and environmental purposes. 4. Some numbers may not sum exactly due to rounding.

Additional drilling by Discovery has allowed updated interpretations of the structural controls, lithological controls, and definition of dominant fluid flow corridors of high-grade mineralization. These controls and domains have been used to accurately update the estimate of resources. The average estimated recovery factor for holes drilled by Discovery is approximately 98%. The applicable qualified person from the PFS Report is unaware of any recovery or sampling factors that could materially impact the accuracy and reliability of the assay results. The current mineral resource estimate is based on a drill dataset consisting of 275,904 m of drilling (690 drill holes); of which 153,715 m of drilling (423 drill holes) was completed by Discovery.

Sample Preparation, Analysis, and Security

Approximately half of the samples included in the current mineral resource estimate are from drilling programs conducted by Levon ending in 2017. The other half were generated by the Discovery drill programs in 2019, 2020, 2021, and 2022.

All samples for the drill programs by Levon and Discovery were prepared using the same ALS method (Code Prep-31) by crushing to 85% to minus 10 mesh then a split was pulverized to 95% minus 150 mesh (Levon) or 85% passing through 75 µm (Discovery). Assays from 2009 to 2012 and 2017 for Levon were performed by ALS Geochemistry (Vancouver). Assays in 2013 and 2014 were carried out by Activation Laboratories Ltd. in Mexico. In 2019, 2020, 2021 and 2022, Discovery used the ALS preparation laboratory in Chihuahua, Mexico and ALS (Vancouver, Canada). All of the laboratories named above are independent of Discovery and are accredited with the Standards Counsel of Canada to the ISO/IEC 17025 standard.

Drill core is logged and sampled in a secure core storage facility located at the project. Drill core is placed into corrugated plastic core boxes at the drill site by the drillers. Tied core boxes are organized within the drill pad area and remain under the driller's supervision until it is collected by Discovery personnel. The core is collected twice a day and transported to the Discovery core logging facility within 1.5 km of the drill site. After the drill core is sawn in half and placed in plastic bags, groups of four to give sample bags are placed into large, poly-weave rice bags with their content marked on each bag. The bags are securely sealed and moved to a storage facility controlled by the company geologists. Twice per week, an ALS truck picks up the sample bags from site and delivers them directly to the ALS laboratory in Chihuahua for sample preparation. The drilling area and camp site facilities are on a private property with restricted access to the public. The access gate remains locked at all times, and only the landowners, drillers, and Discovery personnel have a key to open the gate.

Levon submitted all pulverized splits for multi-element aqua-regia digestion with inductively coupled argon plasma (ICP) mass spectrometry (MS) detection (ALS Method Code ME-ICP41) with overlimit results re-analyzed using ICP-atomic emission spectroscopy (AES) and a four-acid digest. Discovery submitted all pulverized splits for multi-element aqua-regia (ALS Method Code ME-ICP61) with overlimit results reanalyzed using ICP-AES and a four-acid digest. Gold analyses were conducted on a 30-gram sub-sample for fire assay with an AA-finish (Levon) and on a 50-gram sub-sample for fire assay (Discovery). For the 2019 to 2022 drilling program, Discovery analyzed sample over-limits > 10 g/t Au and > 1500 g/t Ag using fire assay on a 50-gram sub-sample (for gold) and 30-gram sub-sample (for silver) with a gravimetric finish. In addition, samples that assayed >100 g/t Ag the detection limit for ICP-MS, between 100 to 500 g/t Ag and >1.0% Zn and/or > 1.0% Pb were re-assayed using the ALS Method Code ME-OG62.

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

Data Verification

Discovery has developed an extensive dataset that is saved and managed using GeoInfo Solutions' management software. The PFS Report's Qualified Persons from Hard Rock Consulting, LLC, conducted a brief site visit in January 2023. They affirmed the accuracy of drilling and sample handling procedures documented in Sections 10 and 11 of the PFS Report.

Assays in the drill hole database were compared to their original certified values for part of the 2021 drilling and all 2022 drilling included in the updated mineral resource estimate. The database was also checked for incorrect entries, interval lengths, blank or zero-value assay results, out-of-sequence or missing intervals, and value fields.

Mineral Processing and Metallurgical Testwork

Extensive metallurgical testwork has been completed on the Cordero Project by Discovery, and previously by Levon Resources dating back to 2011.

QEMSCAN analysis of multiple composites and variability samples confirmed the predominant sulphide mineral contained across the volcanic, sedimentary, and breccia samples was pyrite. Sphalerite and galena were present to a lesser extent in the volcanic, sedimentary, and breccia samples. The oxide composites did not contain significant amounts of sulphide minerals.

The gangue mineralogy was dominated by quartz, plagioclase, K-feldspar, Si/Al clays, and calcite. The sedimentary samples contained the largest concentration of calcite, while the oxide samples contained the least. The oxide samples contained the most Si/Al clays compared to the other lithologies.

At a primary grind size of 80% passing (k_{80}) 200 µm averaged across the 30 variability composites, galena averaged approximately 65% liberation and sphalerite averaged approximately 78% liberation. Where unliberated, galena and sphalerite were in binary association with pyrite or ternary association with non-sulphide gangue.

Various phases of testwork have culminated in the selection of a robust, differential lead-zinc flotation flowsheet after relatively coarse (k_{80} = 200 µm) primary grinding via a combination of conventional SAG and ball milling. This flowsheet has been proven to be effective across upwards of 50 variability, master and blended (oxide and sulphide) composites with average locked cycle test performance from the 2022 PFS program returning the following results:

- lead/silver concentrate grading 56% Pb and 3217g/t Ag at lead and silver recoveries of 87% and 75%, respectively
- zinc concentrate grading 52% Zn and 346 g/t Ag at zinc and silver recoveries of 85% and 10%, respectively
- global silver recovery (to lead and zinc concentrates) of 85%.

Due to the relatively coarse primary grind and moderate concentrate regrind size, the concentrates and tails generated via the flotation circuit dewater readily. The majority of the final tails products from locked cycle testing have been shown to be non-acid-generating, with a relatively minor number of samples being classified as potentially acid-generating.

Concentrate quality scans were conducted on the PEA and PFS locked cycle test. The main deleterious elements were as follows:

- Mercury (Hg) content of the lead and zinc concentrates averaged 13, g/t and 11 g/t, respectively.
- Organic carbon content of all concentrates was below 1.6% C_{ORG}.
- Arsenic (As) content of the lead and zinc concentrates averaged 0.31% and 0.31%, respectively.
- Cadmium (Cd) content of the lead and zinc concentrates averaged 0.05% and 0.45%, respectively.
- Chlorine (Cl) content was consistently low (0.07% Cl) and often below detection limit.

Comminution testwork conducted on variability samples and composite blends indicate that Cordero ore is hard to very hard, with an average Bond ball work index of approximately 19 kWh/t and an average A x b value of 54.

Heap leaching of the oxide zone was considered for additional silver recovery, but column leach and bottle roll testwork was suspended in 2022 in favour of blending the oxide material in with the sulphides at low blend ratios via the flotation circuit.

Testwork has shown that the oxides can be blended with the sulphide ore and processed via the flotation circuit at blend proportions up to 10% with little to no negative impact on sulphide ore recovery.

Robust metallurgical projection models have been derived for the sulphides from locked cycle and batch cleaner variability testwork and are appropriate for this level of study.

Mineral Resource Estimate

Mineral resource estimates are inclusive of mineral reserves. The new resource estimate for Cordero incorporates geological and structural domains based on lithological and structural controls that are better understood through recent infill drilling. The mineral resource estimate is divided into eleven estimation domains based on structure, weathering state, indicator grade shell models, and a mostly barren glomerophyric dyke.

Drill hole intervals were composited to 2 m by domain. The presence of high-grade outlier values were investigated for each metal by domain. Appropriate cutting limits were selected by studying coefficient of variation plots, probability plots and decile analyses plots.

Ordinary kriging was used to interpolate silver, lead, zinc and gold grades into blocks and sub-blocks. Anisotropic search radii with variable orientations along mineralization trends were used to select data informing block estimates. Search distances and directions were based on the directional anisotropy of the silver variogram models. Grades were estimated into the model in three passes whereby each successive pass utilized a less restrictive sample search strategy to estimate any remaining unestimated blocks. The search radii for the first estimation pass were set to half of the variogram range in each direction. The second pass doubles the search radii, so that they are all equal to the variogram model ranges. In the third pass the search radii are tripled again.

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

The mineral resource is split into sulphide and oxide portions. Since silver, lead, zinc, and gold all contribute to revenue, a net smelter return (NSR) is calculated as the net revenue from metal sales (taking into account metallurgical recoveries and payabilities) minus treatment costs and refining charges. Discovery is not aware of any environmental, permitting, legal, title, taxation, socio-economic, marketing, or political factors that might materially affect the development of these mineral resource estimates.

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

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

Table 1-2: Sulphide Mineral Resources for the Cordero Project, with an Effective Date of January 18, 2023, above an NSR Cut-off of $7.25/t and within a Reporting Pit Shell

Class	Tonnage	Grade					Contained Metal				
		Ag	Au	Pb	Zn	AgEq	Ag	Au	Pb	Zn	AgEq
	Mt	g/t	g/t	%	%	g/t	Moz	Koz	Mlb	Mlb	Moz
Measured	250	23	0.08	0.33	0.57	**55**	185	604	1,824	3,132	**439**
Indicated	403	18	0.04	0.27	0.56	**46**	228	524	2,387	4,947	**598**
M&I	**653**	**20**	**0.05**	**0.29**	**0.56**	**49**	**413**	**1128**	**4,211**	**8,079**	**1037**
Inferred	**109**	**13**	**0.02**	**0.21**	**0.38**	**33**	**46**	**82**	**510**	**923**	**118**

Notes: 1. AgEq for sulphide mineral resources is calculated as Ag + (Au x 15.52) + (Pb x 32.15) + (Zn x 34.68); these factors are based on commodity prices of Ag – $24.00/oz, Au – $1,800/oz, Pb – $1.10/lb, Zn – $1.20/lb and assumed recoveries of Ag – 87%, Au – 18%, Pb – 89% and Zn – 88%. 2. Discovery is not aware of any environmental, permitting, legal, title, taxation, socio-economic, marketing, or political factors that might materially affect the development of these mineral resource estimates. 3. The tabulated numbers have been rounded to reflect the level of precision appropriate for the estimates and may appear to sum incorrectly due to rounding. Source: RedDot3D Inc., 2022.

Oxide/transition mineralization lies above the oxide/transition boundary, where the material is weathered (oxide) or partially weathered (transition). The depth of the oxide/transition zone varies across the deposit from approximately 20 m in the Pozo de Plata zone to depths of up to 100 m in certain areas in the South Corridor and in the far northeast of the deposit. The $7.25/t NSR reporting cut-off used for oxide mineralization is based on the estimated processing and G&A cost for blending of oxide material into the standard flotation process.

Table 1-3 presents the mineral resource estimate for the oxide/transition material at Cordero. The tabulated grades and metal contents are in-situ estimates and do not include factors such as external dilution, mining losses, and process recovery losses. As such, these are mineral resources, not mineral reserves, and do not have demonstrated economic and technical viability.

Table 1-3: Oxide Mineral Resources for the Cordero Project, with an Effective Date of January 18, 2023, above an NSR Cut-off of $7.25/t and within a Reporting Pit Shell

Class	Tonnage	Grade					Contained Metal				
		Ag	Au	Pb	Zn	AgEq	Ag	Au	Pb	Zn	AgEq
	Mt	g/t	g/t	%	%	g/t	Moz	Koz	Mlb	Mlb	Moz
Measured	21	30	0.08	0.23	0.25	**49**	21	51	109	117	**33**
Indicated	42	24	0.06	0.24	0.31	**46**	33	85	224	288	**62**
M&I	**63**	**26**	**0.07**	**0.24**	**0.29**	**47**	**54**	**136**	**333**	**405**	**95**
Inferred	**36**	**18**	**0.04**	**0.28**	**0.37**	**43**	**21**	**40**	**216**	**292**	**49**

Notes: 1. AgEq for oxide mineral resources is calculated as Ag + (Au x 22.88) + (Pb x 19.71) + (Zn x 49.39); this factor is based on commodity prices of Ag - $24.00/oz, Au - $1,800/oz, Pb - $1.10/lb, Zn - $1.20/lb and assumed recoveries of Ag – 59%, Au – 18%, Pb - 37% and Zn - 85%. 2. Discovery is not aware of any environmental, permitting, legal, title, taxation, socio-economic, marketing, or political factors that might materially affect the development of these mineral resource estimates. 3. The tabulated numbers have been rounded to reflect the level of precision appropriate for the estimates and may appear to sum incorrectly due to rounding. Source: RedDot3D Inc., 2022.

Mineral Reserve Statement

The mineral reserves for the Cordero Project are based on the conversion of the measured and indicated mineral resources in the study mine plan within the ultimate open pit limits. The level of information from drill holes and degree of certainty on assumptions used the mine plan estimates provides reasonable support to classify measured mineral resources as proven reserves. Indicated mineral resources are converted directly to probable reserves. Inferred mineral resources were treated as waste. The estimates assume conventional open pit mining and equipment.

Mineral reserves estimates are based on metal prices of US$20/oz silver, US$0.95/lb lead, US$1.20/lb zinc, and US$1600/oz gold and are approximately 302 Mt of ore containing 0.70% Zn, 0.44% Pb, 27.4 g/t Ag, and 0.08 g/t Au. Mineral Reserves for the Cordero Project are shown in metric units in Table 1-3. This estimate has an effective date of December 31, 2022.

Table 1-3: Proven and Probable Mineral Reserves

Reserve Class	Process Feed	Grade				Contained Metal			
	(Mt)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Ag (Moz)	Au (Moz)	Pb (Blb)	Zn (Blb)
Proven	164.0	28.93	0.10	0.45	0.67	152.52	0.52	1.63	2.42
Probable	138.4	25.61	0.06	0.43	0.73	113.95	0.27	1.30	2.22
Total Reserves	**302.4**	**27.41**	**0.08**	**0.44**	**0.70**	**266.47**	**0.79**	**2.94**	**4.65**

Note: This mineral reserve estimate has an effective date of December 31, 2022, and is based on the mineral resource estimate dated December 31, 2022, for Discovery by AGP Mining Consultants Inc. The mineral reserve estimate was completed under the supervision of Manuel Jessen, P.Eng. of AGP, who is a QP as defined under NI 43-101. Mineral reserves are stated within the final pit designs based on a US$20.00/oz silver price, US$1,600/oz gold price, US$0.95/lb lead price and US$1.20/lb zinc price. An NSR cut-off of US$10.0/t was used to define sulphide reserves. The life-of-mine mining cost averaged US$1.60/t mined, preliminary processing costs were US$5.22/t ore and G&A was US$0.89/t ore placed. The metallurgical recoveries were varied according to head grade and concentrate grades. Lead concentrate recoveries were approximately 82.5%, 12.6% and 91.8% for silver, gold, and lead, respectively. Zinc concentrate recoveries were approximately 10.0%, 9.5% and 77.8% for silver, gold, and zinc, respectively.

The applicable PFS Report Qualified Person has not identified any known legal, political, environmental, or other risks that would materially affect the potential development of the mineral reserves.

Mining Methods

The Cordero Project will use open pit mining methods with truck and shovel equipment that has been proven in similar operations. The major production unit operations will include drilling, blasting, loading, hauling, and dumping. These activities are planned to be completed with an owner/operator fleet. There is currently no plan to extend the mine operation using underground mining methods.

Mining will occur on 10-meter lifts with safety benches every 20 meters using the provided geotechnical parameters by sector. Haul roads are designed at 33.2 m wide to accommodate 190-tonne class haul trucks. The mine fleet will be diesel powered.

The mine plan is based on proven and probable mineral reserves only. The mill facility will produce both zinc and lead concentrates with contained payables for silver, gold, lead and zinc. The plant will primarily process sulphide minerals, but the processing of high-grade oxides is included up to a maximum of 10% of the feed. The current mining limits contain approximately 1% of additional tonnes in the inferred resource category which could be converted to reserves with future drilling.

Dilution was applied on a block-by-block basis taking into consideration the diluted material grade. This resulted in an increase in mill feed tonnage by 2.4%, and a 3.5% lower silver grade than the in-situ feed summary.

Mining activity commences in advance of the sulphide process plant achieving commercial production and includes the placement of material on the stockpile. The mine schedule plans to deliver 284 Mt of sulphide mill feed grading 27.2 g/t Ag, 0.08 g/t Au, 0.72% Zn and 0.45% Pb over a mine life of 18 years. Processed rock also includes 19 Mt of oxides material grading 30.5 g/t Ag, 0.07 g/t Au, 0.33% Zn and 0.28% Pb. Waste tonnage totalling 640 M t will be delivered to either the tailings storage facility located east of the pit or the rock storage facilities adjacent to the pit. The overall strip ratio is 2.1:1 delivered. Oxides were included in the mill feed when they could displace lower value sulphides up to a maximum of 10% of the mill feed on a period basis. Of the life-of-mine mill feed ore tonnes, 6.2% were high-grade oxides and 31 Mt of oxide material remained in stockpiles at the end of processing due to the 10% blending limit.

Mine operating costs have been estimated from base principals using quotations from local mine equipment vendors plus local supply consumables.

Recovery Methods

The process plant design incorporates a staged expansion approach allowing the throughput to be increased and to accommodate higher feed grades over the life of mine. The selected flowsheet includes a single stage crushing circuit with crushed product reporting to the crushed ore stockpile. Ore is reclaimed to the SAB grinding circuit, which consists of a SAG mill and a ball mill operating in closed circuit with a cyclone cluster. Cyclone overflow material reports to sequential stages of rougher flotation, where lead and zinc concentrates are separated from the gangue material. Lead and zinc rougher concentrates report to dedicated regrind mills for further size reduction prior to cleaner flotation.

Concentrate grades are upgraded in the cleaning circuits to produce concentrates of requisite quality. The concentrates then report to dewatering circuits that include high-rate thickeners and vertical plate-and-frame filter presses. The resulting filter cakes are handled by a front-end loader for stockpiling and loadout activities. Tailings from the process are thickened in a high-rate thickener and pumped overland to the tailings management facility.

The staged expansion of the process plant over the mine life is presented below:

- Phase 1 (Years 1 to 3) – The process plant is operated at a throughput of 25.5 kt/d.
- Phase 2 (Years 4 to 6) – The plant is expanded to process material at a throughput of 51 kt/d.
- Phase 3 (Year 7+) – The zinc cleaning and concentrate dewatering circuits are expanded to process higher zinc grades in the feed material.

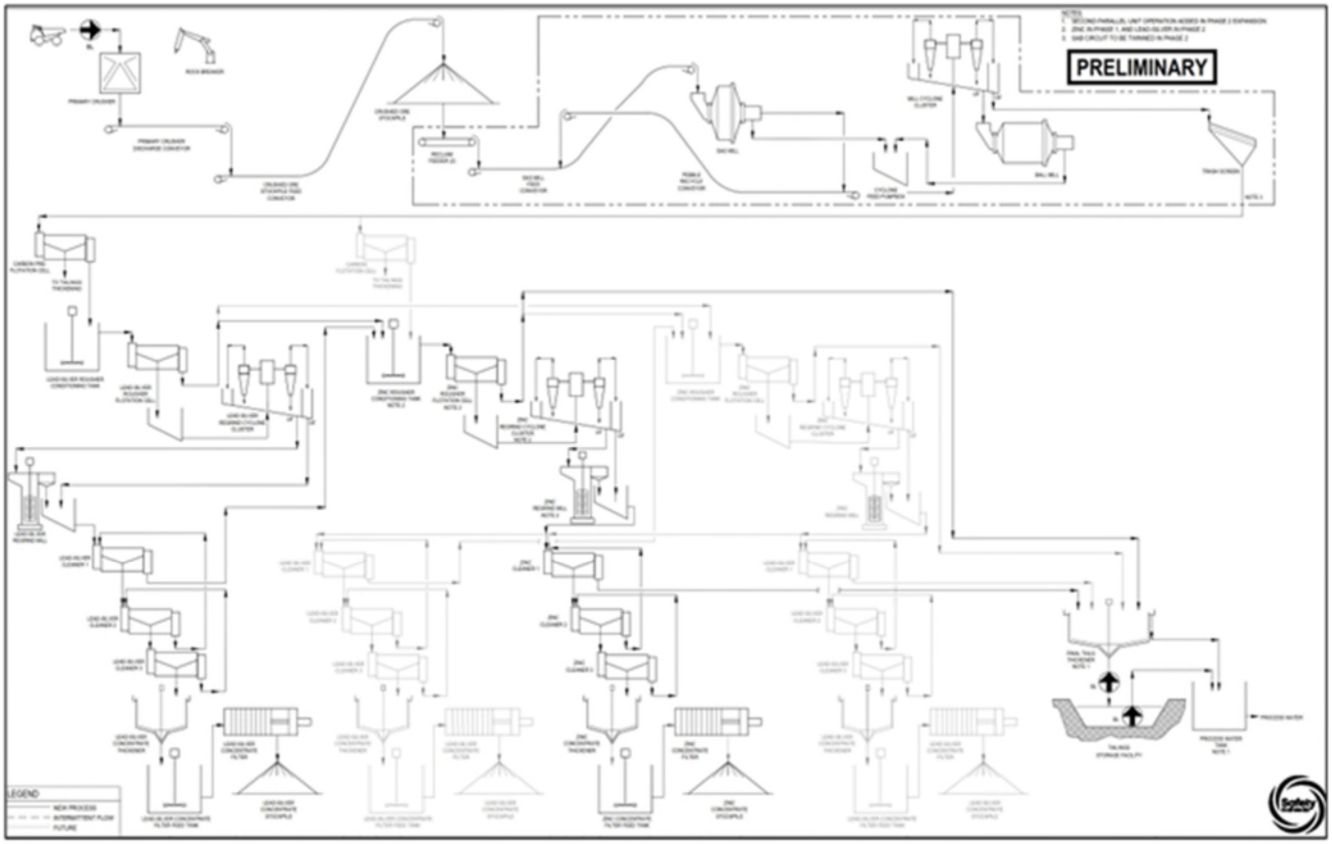
The unit operations and staged expansion approach were selected to accommodate the variable nature of the deposit in terms of lead and zinc feed grade, and to deploy capital efficiently throughout the life of mine.

A summary of the expected process performance is as follows:

- primary crushing availability of 75%
- grinding and flotation availability of 91.3%
- concentrate filtration availability of 82.2%
- Phase 1 throughput of 25.5 kt/d (average basis)
- Phase 2 and 3 throughput of 51 kt/d (average basis).

The process flowsheet is depicted in Figure 1-2, with Phase 1 equipment shown in black, and Phases 2 and 3 equipment shown in greyscale or indicated by comments.

Figure 1-2: Process Flowsheet



Source: Ausenco, 2022.

Project Infrastructure

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

- mine administration offices, truckshop, explosives storage, fuel storage and distribution, ore stockpiles, waste stockpiles, and truck wash
- process facilities including the process plant, crushing facilities, process plant workshop, assay laboratory, freshwater infrastructure, and tailings pipelines
- tailings storage facility (TSF)
- general facilities include a gatehouse, administration building, communications, switchyard, and weigh scale
- catchments, ponds, and other site water management infrastructure.

An overall site layout is provided in Figure 1-3.

The site can be accessed by a series of unpaved roads from federal Highway 24, approximately 11 km to the west-southwest. The existing access road will be upgraded including widening, installation of culverts as well as grading of corners to ensure suitability for daily operational traffic.

The roads within the process plant area will be generally 6 m wide, integrated with process plant pad earthworks, and designed with adequate drainage. The roads will allow access between the administration building, warehouses, mill building, crushing buildings, stockpile, mining truck shop, and the top of the mill feed stockpile.
The typical method of clearing, topsoil removal, and excavation will be employed, incorporating drains, safety bunds and backfilling with granular material and aggregates for road structure. The entrance to the process and mine site will be via the gatehouse. Additionally, an existing secondary unpaved public road that follows the existing power transmission corridor crossing the southeast corner of the claim block can be used as an alternative access/exit road.

Material from the pit will be diverted to four main destinations depending on the grade and material type. The barren stripping material will be sent to either the waste rock storage facilities or the TSF dam for construction, while the mineralized oxides and sulphides will be sent to either the mill or two main stockpiles areas, primarily for low-grade sulphides and oxides. Each stockpile will have a capacity of approximately 42 Mt. All mill feed is currently envisioned to be hauled from the pit rim by 190-tonne trucks.

Waste rock storage facilities are planned for waste material from the open pit. Two locations were selected for waste rock storage: one south of the ultimate pit limits (WRF01) and one on the northwest side of the pit (WRF02). In general, design considerations assumed an overall reclaimed slope of 18.4 degrees and a swell density of 2.0 t/m^3. Total waste rock capacity is approximately 530 Mt.

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

Figure 1-3: Overall Site Layout

Source: Ausenco, 2022.

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

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

The outdoor substation is phased into two stages based on power demand. In Phase 1, two 40/53.3 MVA, 230 kV / 13.8 kV oil-filled power transformers will be installed, each capable of supplying the plant's maximum demand. The transformers will be connected to a 13.8 kV switchgear with a normally open bus tie. When one transformer is out of service, the power system configuration will allow the other to support the total process load, thus enhancing system reliability.

The plant will be expanded in Phase 2 with the installation of two 37.5/50 MVA transformers and another 13.8 kV switchgear in a similar arrangement to supply the additional loads. The substation will also include four banks of power factor correction equipment, each rated at 4 MVAR.

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

Waste disposal for the Cordero Project includes waste rock storage facilities (WRF) and the TSF. The TSF is designed to handle 25,500 t/d in Years 1 through 4 before throughput expansion for Phase 2 at 51,000 t/d for the balance of mine operations. The TSF was sized to store approximately 300 Mt of tailings along with the IDF and additional freeboard. The selected TSF location is southeast of the open pit in an area of gently rolling hills at natural elevations between 1,500 and 1,600 meters above sea level (masl). The TSF site is underlain by thin to sparse alluvium and residual soils over a bedrock foundation of Cretaceous Mezcalera Formation marine limestone. Water from the TSF is reclaimed and used in the process plant.

The excavation quantities for diversion ditches, diversion channels, collection ditches and ponds, and the site-wide water balance model is further discussed in the PFS Report.

Market Studies and Contracts

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

The metal payables as stated in Table 1-4 are used in this study. A summary of the treatment and refining costs is shown in Table 1-5.

The estimated transportation costs (trucking, port handling and ocean freight) are $140/wmt for Pb concentrate and $125/wmt for Zn concentrate. Transportation costs assume trucking of the concentrate via bulk trucks or containers to the international port at Guaymas, Sonora, or Manzanillo, Colima, and then shipping via ocean freight to Asia.

Table 1-4: Metal Payables

Metal	Unit	Zn Concentrate	Pb Concentrate
Zinc	%	85	-
less Deductible	units	8.0	-
Lead	%	-	95
less Deductible	units	-	3.0
Silver	%	70	95
less Deductible	g/dmt	93.3	50.0
Gold	%	70	95
less Deductible	g/dmt	1.0	1.0

Source: Discovery, 2023.

Table 1-5: Summary of Treatment Charges and Refining Costs

Metal	Concentrate Grade	Treatment Charges (US$/wmt)	Refining Charges (US$/payable lb or oz)	Concentrate Loading Port		Ocean Shipment Mode	
				Zn Concentrate	Pb Concentrate	Zn Concentrate	Pb Concentrate
Zinc	51%	$210.00	$0.00	Guaymas		Bulk	
Lead	52%	$130.00	$0.00		Manzanillo		Container/Bulk
Silver			$1.20				
Gold			$10.00				

Source: Discovery, 2023.

The metal prices presented in Table 1-6 were used for financial modelling for the PFS Report.

Table 1-6: Metal Prices for Economic Analysis

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

Source: Discovery, 2023.

Environmental Studies, Permitting, and Social or Community Impact

Environmental Studies

Topography in the project area is generally flat with slope gradients ranging mostly between 1% and 3%. The ground surface elevations within the pit extent are approximately 1,560 to 1,600 masl.

Among the three weather stations (the Parral, the La Boquilla, and the Valle de Zaragoza) existing in the area, the Zaragoza Valley station was considered to be representative of the site conditions, with precipitation and evaporation data from 1968 to 2021 available. The average annual precipitation (as rainfall) has been estimated at 428.8 mm. Only 2% to 3% of rainfall may infiltrate as recharge into the groundwater system. Except for some small creeks, no large naturally occurring surface waterbodies exist within the surface water catchments surrounding the pit. Flows in the creeks are anticipated to be small and seasonal, due to the relatively dry climate.

Six monitoring wells (RC22-001 to RC22-006) and two vibrating wire piezometers (VWPs; KP21-SB001, KP21-SB002) have been installed in the open pit area. Geophysical surveys were conducted to map the geological materials and structures in the area. Hydraulic parameters (including transmissivity and hydraulic conductivity) have been estimated based on the results of flow rates measured in the air-lift testing in these drillholes. Static groundwater elevations representing pre-mining conditions have been measured in the installed RC22 wells and the VWPs. The measured groundwater elevations appear stable with small variations over time, indicating groundwater flow in the aquifer system is in a steady state. The average groundwater level across the pit is approximately 1,497 masl. The RC22 wells have not been sampled for groundwater quality characterization.

The lithological units in the pit area consist of volcanic rocks (predominated by rhyodacite) and sedimentary rocks (predominated by siltstone), together with some interpreted faults. The hydrostratigraphic units in the pit area are interpreted to include shallow alluvium, conglomerate, and bedrock. The surficial sediments are mostly above the static groundwater level in the pre-mining conditions.

Shallow groundwater is influenced by topography and surface runoff and recharge processes, and deeper groundwater flow patterns are interpreted to be confined and influenced by more district-scale geological characteristics. Groundwater flow direction in the shallow groundwater system is interpreted to be from the northwest to southeast across the project area, generally following topography. Deeper groundwater flow is also interpreted to be also towards the southeast but controlled by geologic fault features and the bedrock fracture network.

The Cordero region has long, hot, and humid summers with convective showers and a peak seasonal rainfall in the hottest months. In winter, the air is generally mild during the day, but at night the temperature can drop rapidly to a few degrees below freezing. Two climate types are present in the Cordero Project area. In general, both climate types represent semi-arid weather. BS1kw (x') climate is semi-arid and temperate with hot summers. The average annual temperature ranges between 12°C and 18°C. BS1hw (w) represents semiarid and temperate weather with an average annual temperature higher than 18°C.

The local biodiversity includes a wide variety of plants and animals that sustain the different ecosystem equilibrium. The vegetation in the Cordero Project includes secondary succession of natural grassland shrub representing 70% of the site's surface, followed by natural grassland covering 9% of the land. Annual rainfed agriculture, microphyllus desert scrub, secondary succession of microphyllus desert scrub, secondary succession of rosetophyllous desert scrub, and secondary succession of herbaceous natural grassland cover the remaining 21% of the project area. The fauna in the area includes 69 species of mammals (i.e., desert cottontail, gray fox, American desert hare and racoon), birds (i.e., turkey vulture, scale quail, common raven and red-tailed hawk) and reptiles (Texas horned lizard, tortuga island rattlesnake and black-tailed rattlesnake). There are no declared natural protected areas within or bordering the project site. The project site lies within Hydrological Region 24 (RH24), Bravo-Conchos.

An Environmental Protection Plan will be developed to outline the reclamation activities that will be executed following the project exploration stage. The Environmental Protection Plan will be aligned with current permits and resolution 4.1.18 of the Mexican Official Standard NOM 120 SEMARNAT 2020. No formal Closure and Reclamation Plan has been prepared for the Cordero Project to date; a plan will be developed as the project advances through subsequent project stages.

Pit Dewatering

Based on the available information, the potential pit inflow rate into the proposed pit shell through the mine life was estimated using the analytical Jacob-Copper solution. The results show that the pit intersects groundwater in mine Year 1, and the inflow rates increase progressively as the pit deepens year by year.

Using the estimated base case pit inflow rates, a pit dewatering strategy was developed to meet the pit dewatering requirements. The pit dewatering strategy consists of vertical wells along the pit perimeter and in-pit wells (targeting permeable hydrogeologic units and features), in addition to the supplemental measures (including precipitation runoff collection sump, and sub-horizontal drains) when necessary.

Permitting Considerations

A variety of permits and authorizations will have to be obtained prior to construction and operations. In particular, authorization by SEMARNAT (Secretaria de Medio Ambiente y Recursos Naturales) following the Environmental Impact Assessment (EIA) will be required. The environmental permitting requirements and status for the Cordero Project is summarized in Table 20-7. The Cordero site currently holds three permits: NOM 120 SEMARNAT 2020, Corporation Registration in Social Security (IMSS) and Community Protection. Registration of Hazardous Waste Management has been presented to SEMARNAT and Waste Management Plans (Hazardous and Mining) are being developed.

Social Considerations

The project is located in a socioeconomic region known as the Parral Region, which includes four municipalities: Hidalgo del Parral, with a population of 116,662 inhabitants; Santa Bárbara, with 11,582 inhabitants; Valle de Zaragoza, with 4,775 inhabitants; and San Francisco del Oro, with 5,004 inhabitants. Approximately 76.5% of the population are dedicated to agricultural field work. More than 50% of the population do not have access to official healthcare. More than 80% of the population own a house and the rest live in rental accommodations or in a house owned by relatives. More than 51% of the population do not have access to clean drinking water.

Capital and Operating Costs

Capital Cost Estimate

The capital cost estimate conforms to Class 4 guidelines for a pre-feasibility- level estimate with a ±25% accuracy according to the Association for the Advancement of Cost Engineering International (AACE International). The capital cost estimate was developed in Q4 2022 dollars based on budgetary quotations for equipment and construction contracts, as well as Ausenco's in-house database of projects and studies including experience from similar operations.

The total initial capital cost for the Cordero Project is US$455 million; the Year 3 expansion capital cost is US$289 million; the Year 9 expansion capital cost is US$31 million; and LOM sustaining costs are US$228 million. Closure costs are estimated at US$73 million, with salvage credits of $US49 million. The capital cost summary is presented in Table 1-7.

Table 1-7: Summary of Capital Costs

WBS Description	WBS	Initial Capital Cost (US$M)	Expansion Capital Cost (US$M)		Sustaining Capital Cost (US$M)	Total Cost (US$M)
		Y0	Y3	Y9	LOM	
Mining	1000	69.9	2.7	--	66.5	139.1
On-Site Infrastructure	2000	30.8	11.9	--	8.9	51.6
Crushing	3000	25.5	6.4	--	--	31.9
Process Plant	4000	130.9	108.0	14.5	--	253.4
Tailings Management	5000	45.4	39.6	--	106.0	190.9
Off-Site Infrastructure	6000	20.2	35.4	--	13.5	69.1
Total Directs		**322.6**	**204.0**	**14.5**	**194.9**	**736.0**
Project Indirects	7000	59.0	39.3	10.8	--	109.1
Owner's Costs	8000	12.6	2.0	1.0	23.6*	39.3
Provisions	9000	60.7	43.2	4.4	9.7	118.1
Total Indirects		**132.3**	**84.6**	**16.3**	**33.3**	**266.5**
Project Total		**454.9**	**288.6**	**30.8**	**228.2**	**1002.5**

Note: *The LOM sustaining Owner's cost is the net difference between reclamation costs and salvage value. Source: Ausenco, 2022.

Operating Cost Estimate

The average yearly operating cost for the project varies as the project undergoes numerous phases with different production rates and mineralized material types. Table 1-8 provides a summary of the operating costs considering the various operational phases, expressed on a $/t milled basis.

Table 1-8: Summary of Operating Costs

Year	LOM	1-3	4-10, 12+	11	LOM	1-3	4-10, 12+	11
Operating Costs	**US$M**	**US$M/a**	**US$M/a**	**US$M/a**	**US$/t**	**US$/t**	**US$/t**	**US$/t**
Mining	2,286	124	118	153	7.6	13.9	6.4	8.2
Processing	1,929	59	112	115	6.4	6.6	6.1	6.2
Site G&A	188	10	11	11	0.6	1.1	0.6	0.6
Total	**4,402**	**192**	**241**	**279**	**14.6**	**21.6**	**13.1**	**15.0**

Source: AGP and Ausenco, 2022.

Economic Analysis

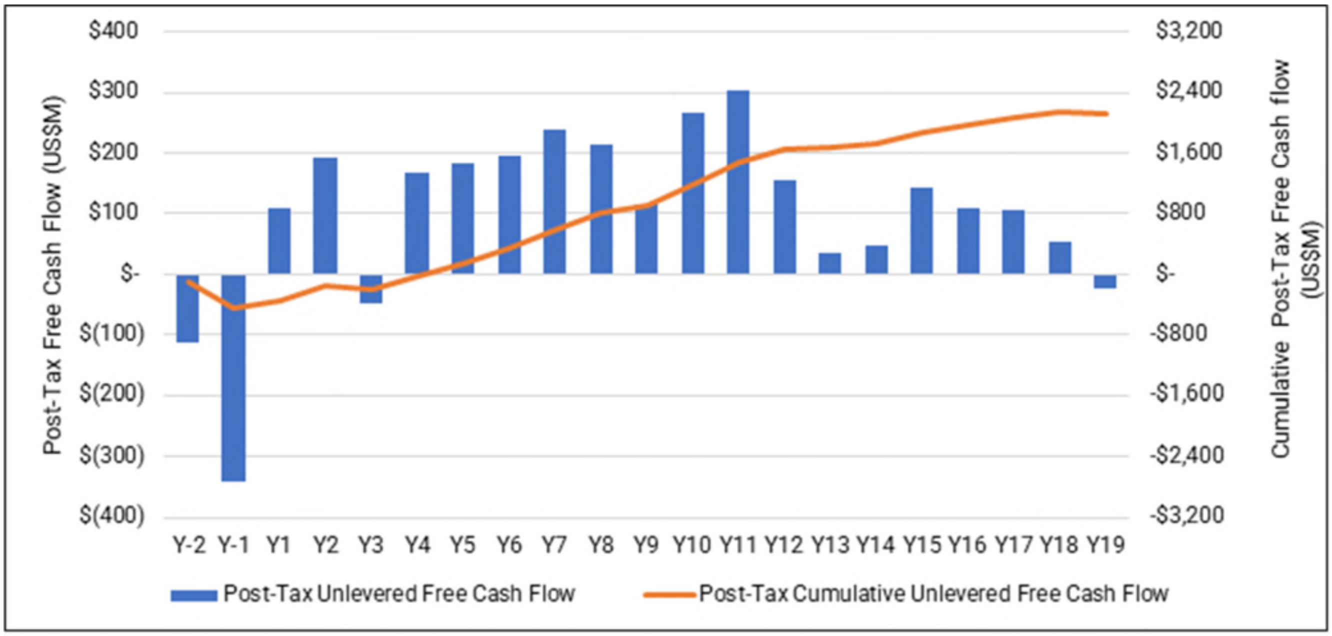
The economic analysis was performed assuming a 5% discount rate. Cash flows have been discounted to the start of construction, assuming that the project execution decision will be taken, and major project financing will be carried out at this time.

The pre-tax NPV discounted at 5% is $1,902 million; the IRR is 38.9%, and payback period is 3.1 years. On a post-tax basis, the NPV discounted at 5% is $1,153 million; the IRR is 28.0%; and the payback period is 4.2 years.

A summary of the post-tax project economics is shown graphically in Figure 1-4 and listed in Table 1-9.

Figure 1-4: Post-Tax Project Economics

Payback Threshold*



Note: *Left axis is for free cash flow, and right axis for cumulative free cash flow. Source: Ausenco, 2023.

Table 1-9: Economic Analysis Summary

Description	Unit	Life-of-Mine Total / Average
General Assumptions		
Silver Price	US$/oz	$22
Gold Price	US$/oz	$1,600
Lead Price	US$/lb	$1.00
Zinc Price	US$/lb	$1.20
Discount Rate	%	5.0%
Production		
Total Payable Silver	koz	199,418
Total Payable Gold	koz	54
Total Payable Lead	Mlb	2,368
Total Payable Zinc	Mlb	3,360
Total Payable Silver Equivalent	koz	494,253
Operating Costs		
Mining Cost (incl. Rehandling)	US$/t mined	$2.45
Mining Cost (incl. Rehandling)	US$/t milled	$7.56
Processing Cost (Phase 1)	US$/t milled	$6.46
Processing Cost (Phase 2)	US$/t milled	$6.36
Site G&A Costs	US$/t milled	$0.62

Description	Unit	Life-of-Mine Total / Average
Cash Costs and All-in Sustaining Costs (Co-Product Basis)		
Operating Cash Costs[1]	US$/oz AgEq	$8.91
Total Cash Costs[2]	US$/oz AgEq	$13.23
All-in Sustaining Cost [3]	US$/oz AgEq	$13.62
Capital Expenditures		
Initial Capital	US$M	$455
Expansion Capital	US$M	$319
Sustaining Capital (incl. Net Closure)	US$M	$228
Economics		
Pre-tax NPV @ 5%	US$M	$1,902
Pre-tax IRR	%	38.9%
Pre-tax Payback	years	3.1
Post-tax NPV @ 5%	US$M	$1,153
Post-tax IRR	%	28.0%
Post-tax Payback	years	4.2

Notes: 1. Operating cash cost consist of mining costs, processing costs, and site-level G&A. 2. Total cash costs consist of operating cash costs plus transportation cost, royalties, treatment and refining charges. 3. AISC consist of total cash costs plus sustaining capital. Source: Ausenco, 2023.

A sensitivity analysis was conducted on the base case post-tax NPV and IRR of the project using the following variables: discount rate, head grade, total operating cost, total capital cost, silver, gold, zinc, and lead prices, which were encompassed in a single variable, metal prices. Table 1-10 summarizes the post-tax sensitivity analysis results.

Table 1-10: Post-Tax Sensitivity Summary

Metal Prices	Post-Tax NPV (5%)	Total Capital Cost		Total Operating Cost		Head Grade	
	Base Case	(-10%)	(+10%)	(-10%)	(+10%)	(-10%)	(+10%)
-20.0%	$293	$355	$231	$465	$119	-$3	$586
-10.0%	$723	$785	$661	$895	$552	$389	$1,062
--	$1,153	$1,215	$1,091	$1,324	$981	$773	$1,538
10.0%	$1,582	$1,644	$1,520	$1,754	$1,411	$1,157	$2,013
20.0%	$2,012	$2,074	$1,950	$2,183	$1,840	$1,541	$2,489
Metal Prices	Post-Tax IRR	Total Capital Cost		Total Operating Cost		Head Grade	
	Base Case	(-10%)	(+10%)	(-10%)	(+10%)	(-10%)	(+10%)
-20.0%	12.5%	14.8%	10.5%	16.0%	8.4%	4.9%	18.4%
-10.0%	20.9%	23.6%	18.5%	23.7%	17.8%	14.5%	26.6%
--	28.0%	31.2%	25.2%	30.5%	25.3%	21.7%	33.9%
10.0%	34.4%	38.2%	31.3%	36.8%	32.0%	28.0%	40.6%
20.0%	40.5%	44.8%	37.0%	42.8%	38.3%	33.8%	47.0%

Source: Ausenco, 2023.

Adjacent Properties

Mr. Schwering, QP of the PFS Report, has reviewed the claim status on adjacent properties and can find no active mineral concessions adjacent to the Cordero property. As noted in Section 6 of the PFS Report, a review of adjacent mineral concessions conducted by Levon in 2009 led to reclaiming mineral concessions that had been dropped earlier by Valley High. In 2013, Levon acquired the last remaining inlying mineral concession.

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

Exploration, Development, and Production

To support ongoing studies in 2023, drilling is recommended as follows:

- Drilling in Q1 to Q2 2023 relates to condemnation drilling targeting proposed infrastructure locations for evidence of mineralization in an estimated 20 holes totalling 5,700 m.
- Drilling in Q1 to Q3 2023 relates to hydrogeology drilling targeting viable water sources in an estimated 18 holes totalling 8,000 m.
- Drilling in Q1 and Q3 2023 relates to pump-test well drilling to test water levels and conductivity near the PFS pit boundary in an estimated 3 holes for 1,350 m.
- Drilling in Q1 and Q3 2023 relates to geotechnical drilling testing in an estimated seven holes totalling 2,460 m to support ongoing feasibility studies.
- Drilling in Q3 and Q4 2023 relates to regional drilling in an ongoing property wide regional target assessment in an estimated 8900 m in a series of holes.

Several of the above stages can be completed in conjunction with other work programs. Contingent on the success of the drilling, the drill programs should be expanded as needed.

Ongoing studies should include continued Leapfrog 3D modelling of clay content, sulphide content, assessment of intrusive phases, structural corridors, alteration zonation, mineralization styles, carbonate species zonation and further definition of late mineral intrusive phases. Continued petrographic and SEM-EDS analysis in support of a metal deportment study is recommended.

Targeted studies should include lithogeochemical sampling of outlying regional igneous rocks, further definition of the late mineral intrusive phases, and ongoing Ar-Ar (Argon-Argon) age dating of alteration envelopes to precious and base metal mineralization.

To identify exploration targets under the 85% recent cover (includes overburden and post mineral volcanics) of Cordero, a targeted GIS knowledge-driven spatial analysis should be completed to define areas with the likelihood of finding Cordero-style mineralization in covered areas. To better inform the alteration and mineralization modelling, further insight through exploratory data analysis should be completed.

Bulk Density Program

A bulk density estimation program to measure the density of every 2 m sample interval using whole core was continued in Q4 2022. This program should continue through 2023 since it will provide additional useful information to supplement the existing pulp density and whole core density measurements as the project advances. The cost of this activity is included in exploration program cost.

Metallurgical Characterization

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

- Additional comminution tests to further expand the comminution database is recommended to develop a robust comminution model and grinding circuit design. This will improve the future analysis of power requirements and equipment selection.
- Optimization of concentrate regrind size is required. Only limited testwork has been conducted to date and specific energy consumption testwork was not included.
- Further investigation between the impact of depressant dosages and silver recovery to the lead-silver concentrate is recommended. Operating at lower depressant dosages would likely lead to higher silver recovery to the lead-silver concentrate where payment terms are more favourable.

- Alternate depressants to sodium cyanide should be evaluated to determine if it can be replaced entirely without adversely affecting metallurgical performance.
- Sensor-based sorting and/or dense media separation testwork should be undertaken to determine the response of the low-grade stockpile material to preconcentration.
- Further expansion of the variability flotation database is recommended and testwork on higher grade production composites is required to allow models of robust head grade vs. recovery to be developed.
- No dewatering testwork (dynamic thickener tests and concentrate filtration) has been conducted to date—this is recommended as part of the work in the next project phase.
- The use of 4 kg testwork charges for flotation testwork should be considered as standard going forward, especially for the low head grade samples.

Mineral Resource Estimation

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

- Future mineral resource updates should continue to explore the use of geological logging information to optimize the separation of structural domains into high-grade and low-grade subdomains.
- A small cross of closely spaced drill holes at approximately 10 m spacing should be drilled in a high-grade zone and low-grade zone to improve the understanding of short-scale continuity. This will assist the analysis and interpretation of spatial continuity for future resource estimation studies and provide useful information for planning a grade control system.
- Infill drilling should continue, both in inferred resource areas where confidence could move the mineral resources into the indicated category, and similarly in indicated resource areas where confidence could move the mineral resources into the measured category. By the time the project reaches the feasibility study phase, it is prudent to have the majority of the mineral resources in the payback period drilled to the level of measured confidence.

The vast majority of the proposed resource drilling is to expand mineral resources in the Cordero main area, where resources are currently estimated, and to increase the confidence of resource estimates from the inferred to indicated category, and from the indicated to measured category.

Geotechnical Studies for Pit Slopes and Sectors

The geotechnical data collected from the 2021 and 2022 site investigation programs is considered sufficient for a PFS-level pit slope design. However, there are uncertainties and data gaps relating to large-scale structural features, rock mass strength, rock defect strength, rock mass permeability and porewater pressure distribution. Additional geotechnical investigations and slope stability assessments are required should the project advance to the feasibility study and/or detailed engineering stages. The recommended future work includes the following and has an estimated budget of US$0.5 million:

- A supplementary geotechnical drilling program in the proposed west wall area where the siltstone package is encountered for further bedding orientation and rock mass characterization.
- Additional laboratory rock strength testing to refine the intact rock and defect strength estimates of the siltstone unit.
- Further detailed slope stability analyses for refinement of pit slope designs.

Mine Engineering

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

- The current assumption for grade control needs to be reviewed and sampling protocols need to be established.
- Additional information from further geotechnical drilling is required to develop a more detailed mass rock characterization and update pit slope criteria.
- Additional work needs to be completed to verify the cost benefit of using an Owner fleet. This includes detailed discussions with local contractors and vendors to determine whether a hybrid approach of early-stage contract mining and later-stage owner-operated mining is an economical option.
- Further study is required to better understand the nature of the waste rock and to classify it as potentially acid generating (PAG) or non-acid generating (NAG) or if particular lithologies are susceptible to metal leaching. The results may require a change to the waste rock management strategy.

- Optimization studies should be performed to refine the selected business case. This would likely include a cut-off optimization study to improve the blending strategy for the mill feed material and to determine the optimum size of the proposed marginal sulphides and oxides stockpiles.
- A detailed sensitivity analysis of pit optimization parameters is recommended to define the ultimate pit limits.
- The detailed mine design and schedule should be finalized with reference to more defined surface infrastructure/facilities for services, water management and other relevant components.

Tailings Storage Facility Studies

Recommendations for the next phase of project development related to the tailings storage facility are as follows:

- Field Programs:
  - Complete additional site investigation programs and laboratory testing to support the level of detail required for future studies.
- Additional Studies and Evaluations such as:
  - Complete detailed consolidation modelling and updated seepage and stability modelling for the for the TSF.
  - Advance the site-specific seismic hazard analysis (SHA) considering in-situ testing to estimate ground motion parameters representative of the geotechnical foundation conditions. In addition, complete a fault study, an updated probabilistic seismic hazard analysis, and a deterministic seismic hazard analysis to define a maximum credible earthquake (MCE) for the TSF.
  - Complete a dam breach and inundation assessment to evaluate the impacts of failure of the TSF on the receiving environment and to inform a dam classification.
  - Complete additional geochemistry testing and studies to confirm the metal leaching and acid generating potential of the materials that will be stored and/or used for construction.
  - Complete testing on embankment construction materials and tailings materials to confirm suitability for proposed management strategies, and confirm material parameters for design (dry density, consolidation characteristics, strength parameters, etc.).
  - Complete additional studies to understand the potential for water recovery from the TSF.

Water Management

It is recommended that the following be carried out to continue developing the site-wide water balance and supporting studies:

- Evaluate measures to reduce the reliance on external make-up water.
- Complete water quality modelling to support collection, possible treatment, and distribution planning of the contact water from the mine site area and non-contact water from the upstream natural catchments.
- Continue to collect and monitor site-specific climate data; consider collecting hydrological data at the project site and installing an additional climate station in the project area at a different location and aspect; consider installing at least one hydrometric station with an automatic data logger on the most consistently flowing stream in vicinity of the project area.
- Complete a detailed and comprehensive hydrometeorological study to adequately characterize the climatic and hydrological characteristics of the project area to support subsequent levels of design.
- Refine the logic in the overall site-wide water balance model to a feasibility level; optimize water and waste management.

Environmental Studies, Permitting, and Social and Community Impact

Current regulations in Mexico require that a preliminary closure program be included in the MIA and a definite program be developed and submitted to the authorities during mine operation (generally accepted as three years into the operation). These closure plans tend to be conceptual and typically lack much of the detail necessary to develop an accurate closure cost estimate.

New tailing dams are subject to the requirements of NOM-141-SEMARNAT-2003 (Standard that Establishes the Requirements for the Design, Construction and Operation of Mine Tailings Dams). Under this regulation, studies of hydrogeology, hydrology, geology and climate must be completed for sites considering new tailings impoundments. If tailings are classified as hazardous under NOMCRP-001-ECOL/93, the amount of seepage from the impoundment must be controlled if the facility has the potential to affect groundwater. Environmental monitoring of groundwater and tailings pond water quality and revegetation requirements is specified in the regulations. It is recommended that a solid Tailings Management Plan be developed to prepare the Cordero project for international standards to be satisfied.

Hydrogeology

The following work related to hydrogeology is recommended for the next project phase:

- Further investigation of the location and nature of geological structures (e.g., faults) and the potential compartmentalization of the groundwater system is recommended to support the quantitative estimate of the occurrence and nature of groundwater flow. More detailed investigation is recommended to better characterize the hydrogeological system, especially the hydraulic features of the faults and their hydraulic connectivity.
- It is recommended that pumping wells be drilled, installed, and tested to reliably estimate the hydraulic parameters of the bedrock formations and their sustainable well yield. Additional piezometers will be needed to support the pumping tests, and to improve the knowledge about the geological features including the faults in the pit area; multi-level piezometers are recommended to be installed to allow vertical hydraulic gradients and groundwater flow directions to be characterized.
- The existing RC22 wells are recommended to be sampled for at least one hydrologic year on a quarterly basis to characterize seasonal variations of groundwater quality. The groundwater sampling results are required to confirm the suitability of the pit dewatering pumping water for the mine water supply, as well as for environmental assessment and project permitting.
- New groundwater monitoring wells are recommended to be drilled and installed at the proposed waste rock and tailings storage facilities and along the potential mine contact water seepage flow pathways towards the receiving environment. Once the wells are completed and developed, slug tests should be done to estimate hydraulic conductivities. Water levels and groundwater samples should be collected on a quarterly base for at least one hydrologic year.
- A 3D numerical groundwater model is recommended to be developed based on an updated conceptual hydrogeological model. The calibrated numerical model can be used to validate the pit inflow estimated and simulate the performance of the pit dewatering well system. The model can also be used to conduct pit depressurization analysis (if necessary) and to predict potential impacts of the mine on the groundwater system.
- It is recommended that surface water monitoring be carried out to support the future groundwater model development.

For further information regarding the Cordero Project, see the PFS Report and the documents incorporated by reference in this Prospectus available at www.sedar.com under the Corporation's profile.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The applicable Prospectus Supplement will include a general summary of certain Canadian federal income tax consequences which may be applicable to a purchaser of Securities hereunder. Investors should read the tax discussion in any Prospectus Supplement with respect to a particular offering and consult their own tax advisors with respect to their own particular circumstances.

PRIOR SALES

Information in respect of Common Shares that we issued within the previous 12-month period, and in respect of securities that are convertible or exchangeable into Common shares, will be provided as required in a Prospectus Supplement with respect to the issuance of Securities pursuant to such Prospectus Supplement.

TRADING PRICE AND VOLUME

The Common Shares are listed and posted for trading on the TSX under the symbol "DSV", on the OTCQX under the symbol "DSVSF", and on the Frankfurt Stock Exchange under the symbol "1CU0". Information in respect of trading price and volume of the Common Shares during the previous 12-month period will be provided as required in a Prospectus Supplement with respect to the issuance of Securities pursuant to such Prospectus Supplement.

LEGAL MATTERS

Certain legal matters in connection with the Securities offered hereby will be passed upon on behalf of the Corporation by Cassels Brock & Blackwell LLP, with respect to Canadian legal matters. As of the date hereof, partners and associates of Cassels Brock & Blackwell LLP as a group, own, directly or indirectly, in the aggregate, less than 1% or no securities of the Corporation.

INTEREST OF EXPERTS

Information relating to the Cordero Project in this Prospectus and the documents incorporated by reference herein and therein has been derived from reports, statements, or opinions prepared or certified by the following individuals (collectively, the "**Experts**") in respect of the PFS Report: Tommaso Roberto Raponi, P. Eng. (Ausenco Engineering Canada Inc.); Yaming Chen, P.Geo. (Ausenco Sustainability Canada Inc.); Jonathan Cooper, P.Eng. (Ausenco Sustainability Canada Inc.); Scott Weston, P.Geo. (Ausenco Sustainability Canada Inc.); Gordon Zurowski, P. Eng. (AGP Mining Consultants Inc.); Manuel Jessen, P. Eng. (AGP Mining Consultants Inc.); Daniel Yang, P.Eng. (Knight Piésold Ltd.); Ken Embree, P.Eng. (Knight Piésold Ltd.); Richard Schwering, SME-REM (Hard Rock Consulting, LLC); and Jennifer J. (J.J.) Brown, SME-RM (Hard Rock Consulting, LLC). This information has been included in reliance on the Cordero Experts' expertise. Each of the foregoing persons are a qualified person as such term is defined in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**").

None of the Experts, or any director, officer, employee, or partner thereof, as applicable, received, or has received a direct or indirect interest in the Corporation's property or the property of any of the Corporation's associates or affiliates. The Experts held an interest in either less than 1% or none of the Corporation's securities or the securities of any associate or affiliate of the Corporation when they prepared the PFS Report, and after the preparation of such report, and they did not receive any direct or indirect interest in any of the Corporation's securities or the securities of any associate or affiliate of the Corporation in connection with the preparation of the PFS Report. Neither the Experts nor any director, officer, employee, or partner, as applicable, of the aforementioned companies or partnerships is currently expected to be elected, appointed, or employed as a director, officer, or employee of the Corporation or of any associate or affiliate of the Corporation.

All scientific and technical information in this Prospectus has been reviewed and approved by Gernot Wober, Vice President, Exploration at Discovery, who is a qualified person under NI 43-101. As of the date hereof, Mr. Wober holds 979,783 Common Shares, 1,972,100 stock options and 228,873 restricted share units of the Corporation.

AUDITORS

PricewaterhouseCoopers LLP, Chartered Professional Accountants, located at PwC Tower, Suite 2600, 18 York Street, Toronto, Ontario, M5J 0B2 are the independent auditors of the Corporation. PricewaterhouseCoopers LLP has advised that they are independent of the Corporation within the meaning of the Chartered Professional Accountants of Ontario CPA Code of Professional Conduct.

TRANSFER AGENT AND REGISTRAR

The Corporation's transfer agent and registrar for the Common Shares is TSX Trust Company at its principal offices in Vancouver.

EXEMPTIONS

Pursuant to a decision of the Autorité des marchés financiers dated February 14, 2023, the Corporation was granted a permanent exemption from the requirement to translate into French this Prospectus as well as the documents incorporated by reference therein and any Prospectus Supplement to be filed in relation to an "at-the-market distribution". This exemption is granted on the condition that this Prospectus and any Prospectus Supplement (other than in relation to an "at-the-market distribution") be translated into French if the Corporation offers Securities to Québec purchasers in connection with an offering other than in relation to an "at-the-market distribution".

STATUTORY AND CONTRACTUAL RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. However, purchasers of Securities distributed under an at-the-market distribution by the Corporation do not have the right to withdraw from an agreement to purchase the Securities and do not have remedies of rescission or, in some jurisdictions, revisions of the price, or damages for non-delivery of this Prospectus, any prospectus supplement(s), and any amendment relating to Securities purchased by such purchaser because this Prospectus, any prospectus supplement(s), and any amendment relating to the Securities purchased by such purchaser will not be sent or delivered, as permitted under Part 9 of NI 44-102.

In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price. or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. Any remedies under securities legislation that a purchaser of Securities distributed under an at-the-market distribution by the Corporation may have against the Corporation or its agents for rescission or, in some jurisdictions, revisions of the price, or damages if this Prospectus, any prospectus supplement(s), and any amendment relating to securities purchased by a purchaser contain a misrepresentation will remain unaffected by the non-delivery of the prospectus referred to above. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

Original purchasers of Securities which are convertible, exchangeable, or exercisable for other securities of the Corporation (i.e., Warrants, Subscription Receipts, and Units) will have a contractual right of rescission against the Corporation in respect of the conversion, exchange, or exercise of such Securities. The contractual right of rescission will entitle such original purchasers to receive, upon surrender of the underlying securities, the amount paid for the applicable convertible, exchangeable, or exercisable Securities, and any additional amount paid upon conversion, exchange, or exercise of such Securities, in the event that this Prospectus, the relevant Prospectus Supplement or an amendment thereto contains a misrepresentation, provided that: (i) the conversion, exchange, or exercise takes place within 180 days of the date of the purchase of such Securities under this Prospectus and the applicable Prospectus Supplement; and (ii) the right of rescission is exercised within 180 days of the date of the purchase of such Securities under this Prospectus and the applicable Prospectus Supplement. This contractual right of rescission will be consistent with the statutory right of rescission described under Section 130 of the *Securities Act* (Ontario), and is in addition to any other right or remedy available to original purchasers under Section 130 of the *Securities Act* (Ontario) or otherwise at law.

Original purchasers are further advised that in certain provinces and territories the statutory right of action for damages in connection with a prospectus misrepresentation is limited to the amount paid for the convertible, exchangeable or exercisable securities that were purchased under a prospectus and, therefore, a further payment at the time of conversion, exchange or exercise may not be recoverable in a statutory action for damages. The purchaser should refer to any applicable provisions of the securities legislation of the province or territory in which the purchaser resides for the particulars of these rights, or consult with a legal adviser.

In addition, to the extent that the Corporation files a Prospectus Supplement to qualify the underlying securities issuable upon conversion of any special warrants that the Corporation may in the future issue ("**Special Warrants**"), the Corporation will grant to each holder of a Special Warrant a contractual right of rescission of the prospectus-exempt transaction under which the Special Warrant was initially acquired. The contractual right of rescission will provide that if a holder of a Special Warrant who acquires securities on exercise of the Special Warrant as provided for in this Prospectus is, or becomes, entitled under the securities legislation of a jurisdiction to the remedy of rescission because of the Prospectus or an amendment to the Prospectus containing a misrepresentation, (a) the holder is entitled to rescission of both the holder's exercise of its Special Warrant and the private placement transaction under which the Special Warrant was initially acquired, (b) the holder is entitled in connection with the rescission to a full refund of all consideration paid to the agent or Corporation, as the case may be, on the acquisition of the Special Warrant, and (c) if the holder is a permitted assignee of the interest of the original Special Warrant subscriber, the holder is entitled to exercise the rights of rescission and refund as if the holder was the original subscriber.

ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS

Dan Vickerman and Moira Smith, directors of the Corporation, Richard Schwering, Jennifer Brown, and Manuel Jessen, three of the qualified persons responsible for the PFS Report reside outside of Canada. Such persons have appointed Cassels Brock & Blackwell LLP, Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8 as agent for service of process in Canada. Prospective investors of Securities are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that resides outside of Canada or is incorporated, continued, or otherwise organized under the laws of a foreign jurisdiction, even if the party has appointed an agent for service of process.

CERTIFICATE OF THE CORPORATION

Dated: March 23, 2023

This short form prospectus, together with the documents incorporated in the prospectus by reference, constitutes full, true, and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

"*Tony Makuch*"	"*Andreas L'Abbé*"
Tony Makuch Chief Executive Officer	Andreas L'Abbé Chief Financial Officer

On behalf of the Board of Directors

"*Murray John*"	"*Jeff Parr*"
Murray John Director	Jeff Parr Director