

Letter to Shareholders

February 24, 2025

Dear Fellow Shareholders:

The Board of Directors (the "**Board**") of Discovery Silver Corp. (the "**Company**" or "**Discovery**") invites you to attend the special meeting (the "**Meeting**") of the holders (the "**Shareholders**") of common shares (the "**Common Shares**") to be held at the offices of Bennett Jones LLP located at One First Canadian Place, 100 King Street West, Suite 3400, Toronto, Ontario, M5X 1A4 on Thursday, March 27, 2025 at 11:00 a.m. (Toronto time).

Following a thorough and rigorous process and after careful consideration, Discovery entered into a share purchase agreement dated January 27, 2025 (the "**Acquisition Agreement**") with Goldcorp Canada Ltd. ("**GCL**"), a wholly owned subsidiary of Newmont Corporation, to acquire (the "**Acquisition**") all of the issued and outstanding common shares of a newly created wholly-owned subsidiary of GCL, Dome Mine Ltd. ("**NewCo**"), formed to hold all of GCL'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 (collectively, the "**Porcupine Complex**") 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.

In addition, each outstanding restricted stock unit of Newmont held by an employee of Newmont or a subsidiary of Newmont that is employed at the Porcupine Complex and is being offered employment by Discovery shall be exchanged for restricted share units granted by Discovery having a value equal to such Newmont restricted stock units immediately prior to the Acquisition Closing.

Pursuant to the policies of the Toronto Stock Exchange ("**TSX**"), because the issuance of the share consideration in connection with the Acquisition will exceed 25% of the outstanding Common Shares on a pre-Acquisition, non-diluted basis (the "**Dilution Threshold**"), Shareholders will be asked at the Meeting to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution (the "**Share Issuance Resolution**") approving the issuance of up to 123,616,667 Common Shares in connection with the Acquisition (the "**Acquisition Securities**"), representing approximately 30.9% of the issued and outstanding Common Shares prior to the announcement of the Acquisition, consisting of: (i) up to 119,716,667 Consideration Shares; and (ii) 3,900,000 Common Shares issuable upon the exercise of warrants to be issued by the Company to Franco-Nevada Corporation ("**Franco-Nevada**") as part of the financing package arranged for the Acquisition, as described below.

In the event that the Share Issuance Resolution is not passed at the Meeting, the number of Consideration Shares to be issued to GCL on the Acquisition Closing shall be reduced to 94,512,921 Consideration Shares (thus resulting in 98,412,921 total Acquisition Securities), and the first deferred cash payment payable to GCL 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 Acquisition Securities will not be subject to approval by the Company'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. Rather, the outcome of the Shareholder vote in relation to the Share Issuance Resolution will determine the final composition – not the amount – of the Purchase Price paid to GCL for the Acquisition.

The Acquisition

Full details of the Acquisition are set out in the accompanying Notice of Special Meeting of Shareholders and Management Information Circular of the Company (the "**Circular**"). The Circular describes the Acquisition and includes certain additional information to assist you in considering how to vote on the proposed Share Issuance Resolution, including certain risk factors relating to the completion of the Acquisition. You should carefully review

and consider all of the information in the Circular. We recommend that Shareholders consult their financial, legal, tax or other professional advisor.

The Acquisition comprises the following principal elements:

- (a) Pursuant to the Acquisition Agreement, Discovery will acquire all of the issued and outstanding common shares of NewCo, a newly created wholly owned subsidiary of GCL, formed to hold all of GCL's rights, title and interest in and to the Porcupine Complex, from GCL.
- (b) 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.
- (c) The Acquisition is subject to deal protections, including non-solicitation covenants given by the Company in favour of GCL, and the Acquisition Agreement contains certain other customary representations, warranties and covenants.
- (d) At the Acquisition Closing, Discovery will enter into a transition services agreement with GCL (the "**Transition Services Agreement**"). The Transition Services Agreement requires GCL 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 GCL certain prescribed service fees in accordance with the terms of the Transition Services Agreement and reimburse GCL for certain prescribed expenses.
- (e) At the Acquisition Closing, Discovery will enter into an investor rights agreement with GCL (the "**Investor Rights Agreement**"). Under the Investor Rights Agreement, for so long as GCL owns at least 10% of the Common Shares, GCL shall have the right, but not the obligation, to designate either one nominee to serve as a director of the Company 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 GCL, provided GCL 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 GCL relating to standstill restrictions and voting support and covenants regarding certain restrictions and conditions on the disposition of Common Shares.
- (f) All of Discovery's officers and directors and certain other shareholders of Discovery have entered into support and voting agreements with GCL and Discovery (the "**Support and Voting Agreements**"), pursuant to which they have agreed to vote, or cause to be voted, all of the Common Shares held or controlled by them in favour of the Share Issuance Resolution (representing approximately 35% of the issued and outstanding Common Shares as of February 14, 2025, being the record date for the Meeting).
- (g) The key executive management team of Discovery will remain in place following the closing of the Acquisition.

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; and (ii) enter into a term loan agreement (the "**Term Loan Agreement**") on the Acquisition Closing, each as further described in the Circular. Pursuant to the Implementation Agreement and the Term Loan Agreement, the Company 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; provided, however, that in the event that the number of Common Shares to be acquired upon any exercise of the Franco Warrants would otherwise result in Franco-Nevada directly or indirectly having beneficial ownership of, or control or direction over, more than 9.9% of the issued and outstanding Common Shares, Franco-Nevada will receive cash exercise proceeds, calculated in accordance with the terms of the certificate representing the Franco Warrants, in lieu of Common Shares. The exercise price of the Franco Warrants is equal to the market price (within the meaning of the TSX Company Manual) of the Common Shares at the time of the announcement of the Acquisition.

Acquisition Conditions and Timing

The Acquisition Closing is subject to certain conditions, including, among other things, the transfer of the Porcupine Complex by GCL 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 GCL and NewCo, 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, Discovery is required to obtain Shareholder approval for the issuance of the Acquisition Securities because the number of Acquisition Securities issuable under the Acquisition exceeds the Dilution Threshold.

In the event that the Share Issuance Resolution is not passed at the Meeting, the number of Consideration Shares to be issued to GCL on the Acquisition Closing shall be reduced to 94,512,921 Consideration Shares, a level at which, pursuant to the requirements of the TSX, the issuances of the Acquisition Securities will not be subject to approval by Shareholders because such issuances will not exceed the Dilution Threshold. Accordingly, the receipt of Shareholder approval for the Share Issuance Resolution is not a condition to closing the Acquisition.

Provided all conditions precedent in the Acquisition Agreement are satisfied or waived in a timely manner, it is currently anticipated that the Acquisition will close in the first half of 2025. **It is the intention of the persons named in the form of proxy, if not expressly directed otherwise in such form of proxy, to vote such proxies FOR the Share Issuance Resolution.**

Recommendation of the Special Committee and the Board

In connection with the Acquisition, the Board formed a special committee of independent directors (the "**Special Committee**") to consider the Acquisition and report its findings and conclusions to the Board.

The Special Committee, after consultation with its legal and financial advisors, and after taking into consideration the opinion of CIBC World Markets Inc. to the effect that, and subject to the assumptions, qualifications and limitations contained therein, the consideration to be paid by Discovery pursuant to the Acquisition Agreement is fair, from a financial point of view, to the Company, unanimously recommended that the Board approve the Acquisition and the entry into the Acquisition Agreement. In making its recommendation, the Special Committee evaluated the terms of the proposed Acquisition and the Company's current business and financial position, including future plans and prospects, having regard to the potential effects of the proposed Acquisition on the Company's business.

After careful consideration of such matters as it considered relevant, including, among other things, the terms and conditions of the Acquisition Agreement, the unanimous recommendation of the Special Committee, the benefits and risks associated with the Acquisition, other strategic alternatives and options available to the Company, the effect of the Acquisition on other stakeholders of the Company and its evaluation of the Acquisition with management and its legal and financial advisors, the Board has unanimously determined that the issuance of the Acquisition Securities in connection with the Acquisition is fair to the Company and that the Acquisition and entry into the Acquisition Agreement are in the best interests of the Company. **Accordingly, the Board is UNANIMOUSLY recommending that Shareholders vote FOR the Share Issuance Resolution.**

For a description of the factors and reasons considered and relied upon by the Special Committee and the Board in coming to their respective conclusions, see *"Matters to be Considered at the Meeting – Reasons for the Recommendations of the Special Committee and the Board"*.

YOUR VOTE IS IMPORTANT REGARDLESS OF THE NUMBER OF COMMON SHARES YOU OWN.

The close of business on February 14, 2025 is the record date for the determination of Shareholders that will be entitled to receive notice of and vote at the Meeting and at any adjournment or postponement of the Meeting.

Registered Shareholders are requested to read the enclosed Circular and are requested to date and sign the enclosed proxy form(s) promptly and return them in the self-addressed envelope enclosed for that purpose or by any of the other methods indicated in the proxy form. Registered Shareholders may vote by mail. Proxies to be used at the Meeting must be received by the Company's transfer agent and registrar, TSX Trust Company ("**TSX Trust**"), not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or, with respect to any matters to be dealt with at any adjournment of the Meeting, before the time of the re-commencement of the adjourned Meeting. Proxies delivered after such time(s) will not be accepted. A proxy can be submitted to TSX Trust by mail to Proxy Department, TSX Trust Company, P.O. Box 721, Agincourt, Ontario M1S 0A1. If a registered Shareholder receives more than one proxy form because such Shareholder's Common Shares are registered in different names or addresses, each proxy form needs to be completed and returned.

If your Common Shares are not registered in your name but are held through a broker, investment dealer, bank, trust company, custodian, nominee or other intermediary, please complete and return the request for voting instructions in accordance with the instructions provided to you by your broker or such other intermediary. Failure to do so may result in such Common Shares not being voted at the Meeting.

If you have any questions or need additional information, you should consult your financial, legal, tax or other professional advisor. If you have any questions or need assistance in your consideration of the Share Issuance Resolution or with the completion and delivery of your proxy, please contact the Company's proxy solicitation agent and shareholder communications advisor, Laurel Hill Advisory Group, by telephone at 1-877-452-7184 (toll-free in North America) or 416-304-0211 (calls outside North America), or by email at assistance@laurelhill.com.

Discovery's primary goal is to generate value for Shareholders, and all stakeholder groups. Through the Acquisition, we will establish our company as a new North American precious metals producer with substantial potential for value creation through improved operating performance, the development of new producing assets and the rapid evaluation of our many exploration opportunities. As we move forward, we will maintain our overriding commitment to responsible mining and to supporting the communities in which we operate. The Acquisition diversifies our business portfolio, combining high-quality gold production in Northern Ontario, Canada with our Cordero silver project in Mexico, one of the world's largest silver development projects based on reserves and expected annual production. The expanded asset portfolio will reduce risk, provide our shareholders with significant leverage to gold and silver prices and exposure to Canada's most prolific gold mining camp. We will emerge from the Acquisition with improved balance sheet strength that will support growth at our Timmins mines and the financing and development of Cordero. Progress in both areas will be key drivers of success as we work to achieve a higher valuation for our Company.

On behalf of the Company, we are privileged to serve our Shareholders, thank you for your continued support, and look forward to receiving your endorsement for the Share Issuance Resolution at the Meeting.

Sincerely,

(Signed) *"Murray John"*

Murray John
Chair of the Board