

Fitness for Duty Policy

1. PURPOSE

All activities of Discovery Silver Corp. and its wholly owned subsidiaries (referred to as "Discovery" or the "Company") shall be conducted in a manner that safeguards the safety and health of employees, contractors, visitors, and the community. Discovery is committed to maintaining a safe work environment and ensuring that all employees are fit for their assigned tasks.

There are a broad range of hazards in the mining industry requiring good judgment and precise action to ensure workplace safety. It is well understood that the use of illicit drugs and other mood-altering substances and the inappropriate use of alcohol and medications can adversely affect the safety and well-being of employees, the work environment and job performance. It can also place the integrity and safety of the Company facilities and operations at risk. To comply with legislative obligations in Canada and Mexico, the Company is mandated to prevent entry of individuals under the influence of drugs, narcotics, or alcohol onto mine sites.

An essential component of operational safety is to ensure employees and contract workers are fit for work and are free from any negative impacts from the use or aftermath of alcohol and other drugs. As an industry leader, Discovery has set an objective of achieving zero workplace incidents or injuries. This Policy stands as a cornerstone of the Company's efforts toward achieving and maintaining that goal.

2. APPLICABILITY

This Policy is applicable to all the Company's employees, contractors and consultants while engaged in the Company's business, while on company premises and when operating Company vehicles, tools, equipment and in general, operating or using any assets owned by the Company. in accordance with the Mexican and Canadian labor law and regulations.

3. POLICY

To achieve a safe workplace, Discovery undertakes to:

- Respect human rights and adhere to applicable laws.
- Implement a fatigue management program, which includes providing timely fatigue awareness training for employees and external parties and implementation of suitable work schedules as part of fatigue management.
- Have zero tolerance for individuals at the workplace impaired by alcohol or drugs. Discovery will introduce appropriate screening programs to enforce this, where applicable, in accordance with Canadian and Mexican regulations and legislation. This Policy complies with the Internal Labor Regulations ("ILR") in Mexico and has been duly registered with the relevant Mexican Labor Authority. Under the ILR, the Company may conduct necessary medical examinations for preventive and compliance purposes, with full employee consent in accordance with article XXVII of the ILR. Sanctions may be imposed for non-compliance in accordance with the seventh section "*Sanctions*" and ninth section "*Disciplinary Provisions*" of the aforementioned ILR.

The term "illicit drugs" refers to substances prohibited by Mexican and Canadian laws for production, possession, sale, distribution, or use. "Mood-altering substances" refer to substances significantly influencing an individual's mental state, emotions, mood, behavior, or cognitive function, including alcohol, cannabis, illegal drugs, and prescription medication impairing job performance. In cases of prescribed medications, individuals engaged in work-related activities must notify the Company prior to commencing duties to assess potential risks. Alcohol consumption is permissible only in non-work-related contexts, after work hours, and during work-related travel journeys, provided individuals do not report to work activities in a state of intoxication.

- Provide alcohol and drug abuse counseling and rehabilitation services. The Company maintains open communication channels for employee requests, including those related to psychosocial risk factors.
- Provide employees with internal mechanisms to assist them in situations where external factors, including mental health, may be impacting their ability to work safely, in compliance with article XXIII -*Psychosocial Risks* of the ILR.
- Take appropriate action against any person deemed unfit for work. The Company's primary objective is to ensure all individuals are fit for work and comply with the relevant mining, safety, and labor legislation in the jurisdictions in which we operate, and to provide a safe and healthy work environment.

4. COMPLIANCE

All employees, contractors and consultants of Discovery are required to comply with this Policy.

5. REPORTING

Individuals wishing to report a violation of this Policy may do so to their direct supervisor, or anonymously through the Company's confidential whistleblower line (accessible via phone or online web-based platform). This 24/7, 365-day confidential whistleblower hotline is operated by an external service provider IntegrityCounts and supports both English and Spanish. Options include:

- Anonymous Reporting
- Easy to Use Mechanism
- Immediate Response
- Bilingual Services (English and Spanish)
- Phone and web-based (email or website reporting)

WITHIN CANADA AND THE US DIAL 1-866-921-6714, 24 hours a day, 365 days a year.

WITHIN MEXICO DIAL 800-099-0642, 24 hours a day, 365 days a year.

EMAIL: DiscoverySilverCorp@integritycounts.ca

WEB: <https://app.integritycounts.ca/org/DiscoverySilverCorp>

Reports received by the Company will be investigated in accordance with the procedures established in the current Internal Work Regulations, and appropriate sanctions will be applied as per the same, including termination of individual employment contract without consequences for the Company for engaging in prohibited conducts in accordance with Article 47 of the Mexican Federal Labor Law.

In instances where reports are made against individuals who are not part of the Company's workforce, and investigations substantiate the allegations, the Company reserves the right to escalate the report to the

specialized service provider or contractor, and to request the replacement of the involved personnel, or reserves the right to deny admission based on the severity of the conduct.

6. INVESTIGATIVE PROCEDURES

a. Unfit for Duty Situations - Employees: When there is reasonable belief that an employee is unfit for work or to be on Company premises, the employee will be escorted by a supervisor to a safe/private place to discuss the situation. The employee should be able to provide a reasonable explanation for their behaviour or condition. If the supervisor remains convinced that the employee is in a condition unfit for normal work, the supervisor may take one of the following actions:

- referral for medical attention if there appears to be immediate medical concerns (site medical clinic, or if off- site, a local hospital or clinic as appropriate to the location); or
- make arrangements for an alcohol and drug test if there are reasonable grounds to suggest substance abuse.

The employee will be provided with transportation and escorted to a collection site or hospital/clinic depending on the circumstances, followed by transportation home or to the care of another adult. The employee may be temporarily removed from their duties or reassigned until the investigation is completed.

b. Unfit for Duty Situations - Others: If there are grounds to believe a contract worker or visitor is unfit for work, the worker will be removed to a safe place and an investigation will be undertaken as set out in the Alcohol and Drug Requirements for Contractors.

c. Alcohol and Drug Testing: Employees will be subject to testing in the following circumstances. Refusal/ failure to test constitutes a violation of the Policy. Further details are provided in Appendix A- Definitions.

(i) Reasonable Cause: Testing will take place whenever a supervisor or another management representative has directly observed out-of-character behaviour and has reasonable grounds to believe that the actions, appearance or conduct of an employee while at work or on Company premises are indicative of the use of alcohol or drugs. The decision to test shall be made after supervisor consultation and agreement. Observations will be documented as soon as possible.

The referral for a test will be based on specific, personal observations resulting from, but not limited to such indicators as:

- observed use or evidence of use of a substance (e.g. smell of alcohol).
- erratic or atypical behaviour or changes in behaviour of the employee.
- changes in the physical appearance or speech patterns of the employee.
- any other observations that suggest alcohol or drug use.

Once the decision is made to test, the individual must remain under direct supervision until transportation to the collection site. Employees tested in this circumstance will be suspended from work until the investigation is complete. Depending on the test result, a fitness for work assessment may be required.

(ii) Post Incident: Alcohol and drug testing may be required after a serious or potentially serious work-related incident as part of a preliminary investigation. If there is immediate evidence that other factors (e.g. structural or mechanical failure, or environmental factors) were the sole cause of the incident, and the acts or omissions of employees were not contributing factors, then testing would not be required.

Testing decisions will be made by the supervisor investigating the incident after consultation and agreement with another supervisor. A serious or potentially serious incident would be one causing:

- a fatality.
- serious injury requiring medical attention.
- reportable environmental incidents; or
- significant loss or damage to property, equipment or vehicles.

At management discretion, post-incident tests may be required for other serious work incidents or near-misses that may have significant potential consequences based on a complete investigation.

Testing will also be required after less significant incidents if, as a result of the preliminary investigation, it is concluded that alcohol or drug use may have been a factor (e.g. reasonable cause situation).

(iii) Return to Work - Post Violation: Employees returning to work after a Policy violation, will be required to undergo successful testing prior to resuming duties and must accept unannounced random testing as a condition of continued employment as set out in an agreement with the Company.

Return to Work- Post Treatment: Random, unannounced testing may be used to monitor employees returning to work after treatment for an alcohol or drug dependency.

(iv) Other Testing Circumstances: The Company reserves the right to implement a program of random alcohol and drug testing for individuals in a safety-sensitive role when deemed necessary to meet the objectives of this Policy. All employees affected will be duly informed.

d. Possession of Alcohol or Drugs: The Company reserves the right to investigate any situation when there are reasonable grounds to believe that banned substances or products are present on Company premises in violation of this Policy and applicable site rules. Supervisors are responsible for identifying, and responding to situations where an investigation is justified based on a combination of indicators which could include behaviour, odour, or presence of paraphernalia.

The supervisor will be responsible for advising senior management or Security of the situation, who in conjunction with Health & Safety will make the final decision as to whether and how to initiate an investigation, including whether to involve law enforcement.

e. Loss/Suspension of License: All employees who are required to operate vehicles off Company premises on behalf of Discovery Silver Corp must maintain a valid driver's license. Any loss or suspension of license must be reported to Company management, and the individual will no longer be qualified to drive on behalf of the Company. If they do not need to operate vehicles off site as part of their job, reporting is not required.

f. Impaired Driving Charge/Suspension: Employees must inform their supervisor immediately if they have been charged with an impaired driving offense under the Criminal Code or had their license temporarily suspended under provincial legislation when operating a Company vehicle or driving on behalf of the Company.

Impaired driving would include, but not be restricted to, testing over the legal Blood Alcohol Content ("BAC") in that jurisdiction, driving while impaired, or refusal to blow into a breath analyzer or provide a sample for testing. If an employee receives a charge or suspension, there will be an investigation. Action taken, including any corrective action, will be appropriate to the situation. Failure to report the charge will normally be grounds for corrective action up to and including termination of employment.

7. CONSEQUENCES OF A POLICY VIOLATION

- a. General Requirements: Any violation of the provisions of this Policy will result in corrective action up to and including termination of employment. In all situations, an investigation will be conducted and documented to verify that a Policy violation has occurred. Management has the authority and discretion to suspend any individual suspected of policy breaches pending the results of the investigation.

The appropriate action depends on the severity of the Policy violation and the circumstances of the situation.

A positive drug test and an alcohol test result exceeding 0.02 BAC are considered a violation of this Policy. Failure to complete the testing process, including tampering or adulteration of a sample, are grounds for termination of employment.

All employees are accountable for their actions, even employees who may have an alcohol or drug problem or dependency. After a confirmed violation, employees may be referred for a Substance Abuse Professional (“SAP”) assessment to determine the need for a structured treatment program.

- b. Conditions for Continued Employment: Should the Company determine continued employment; the employee would be required to enter into an individual agreement governing their continued employment. Terms may include any or all the following:
- temporary removal from the position.
 - adherence to any recommended treatment and aftercare program.
 - maintenance of sobriety and satisfactory performance on return to duty.
 - successful completion of a return to duty test.
 - ongoing unannounced testing for a period determined on a case-by-case basis; and
 - no further Policy violations of the Policy.

Consequences for failure to meet the requirements of the agreement during the monitoring period will be set out in the individualized agreement signed and acknowledged by the employee and retained in the confidential personnel files.

8. ADMINISTRATION

Supervisors are responsible for monitoring the application and compliance of this Policy for all of their direct reports, which include employees, contractors and consultants. Cases of medical emergencies and any violations of this Policy must be reported immediately by anyone who becomes aware of any irregularity, specially those that could jeopardize the safety of employees, contractors or external personnel present on the Company’s premises.

The Nominating and Corporate Governance Committee of the Board of Directors is ultimately responsible for monitoring the application of and compliance with this policy. Management will provide a report on a quarterly basis.

The Committee will review and evaluate this Policy on an annual basis and will recommend any changes to this Policy to the Board for approval.

9. SOCIAL SITUATIONS

At Company sponsored social events, appropriate care will be taken for the safety and well-being of the individuals and the community. Responsible alcohol use is permitted at Company sponsored social functions with the prior approval of a member of the senior management team and will be conducted in accordance with the Company's hosting guidelines. Anyone who attends and consumes alcohol must not return to work after the event or drive a Company vehicle under the influence of alcohol. At no time can a social event involving alcohol be held at a mine site.

Consistent with the safety considerations set out above, for business related events involving alcohol (e.g. restaurant meeting), employees are expected to exercise judgment and responsibility.

10. AMENDMENTS

This Policy may be amended by the Board from time to time. Changes to this Policy will be communicated to all persons to whom this Policy applies.

11. GENERAL

All Company employees, contractors and consultants must acknowledge that they have read and understood this Policy annually. The Company will ensure the proper training of employees, contractors and advisors for the effective implementation of this policy.

Training, workshops and attendance records will be duly documented by the Company, and annual review and sign-off will be mandatory.

12. ADOPTION

ADOPTED AND APPROVED BY THE BOARD ON August 14, 2023.

Reviewed and approved by the Board on December 15, 2023.

APPENDIX A: KEY DEFINITIONS

Company Business: refers to all business activities undertaken by employees in the course of the Company's operations, whether conducted on or off Company premises.

Company Premises: includes but is not necessarily restricted to all land, facilities, work sites, and vehicles owned, leased or otherwise controlled by Discovery Silver Corp. and its subsidiaries for the purpose of conducting Company business.

Contractor /Contract Worker: refers to any Company or individual which Discovery Silver has contracted to perform a service on Company premises or as a representative of the Company. This would include contractors, their employees, sole provider contractors or consultants, and subcontractors and their employees.

Drug: refers to any substance, including but not limited to alcohol, illicit drugs, medications, or other substances the use of which has the potential to change or adversely affect the way a person thinks, feels or acts. For purposes of this Policy, drugs of concern are those that inhibit a worker's ability to perform his or her job safely and productively.

Alcohol refers to beer, wine and distilled spirits, and includes the intoxicating agent found in medicines or other products.

Illicit Drug means any drug or substance which is not legally obtainable and whose use, sale, possession, purchase or transfer is restricted or prohibited by law (e.g. street drugs such as, cocaine and methamphetamine) .

Medication refers to a drug obtained legally, either over-the-counter or through a doctor's prescription or appropriate authorization.

Mood Altering Substance refers to any other product that is legally or illegally used, resulting in cognitive or physical limitations that negatively impact performance on the job. (e.g. any product containing cannabis including inhaled products, consumables, oils and creams, synthetic marijuana, "bath salts", doda, and other similar products).

Drug Paraphernalia: any personal property which is associated with the use of any drug, substance, chemical or agent, except for devices used for the administration of a legally prescribed medication. This would also include any product or device that may be used to attempt to tamper with a testing sample.

Employee: includes all regular full-time, part-time, temporary, casual and seasonal employees on the Discovery Silver payroll or any other subsidiary payroll associated with Discovery Silver.

Fitness for Work: in the context of this Policy means being able to safely and effectively perform assigned duties without any limitations due to the use or after-effects of alcohol, illicit drugs, medications or other substances.

Internal Labour Regulations ("ILR"): Internal Labor Regulations in Mexico include those being duly registered with the related Mexican Labor Authority. The ILR includes specific testing procedures, compliance, sanctions and disciplinary action.

Refusal to Test: under the Policy refusal to test would include the following:

- Failure of an employee to report directly for a test,
- Refusal to submit to a test,
- Failure to provide a valid specimen absent a documented medical condition,
- A confirmed attempt to tamper with a test sample,

- Refusal to agree to disclosure of a test result to the Company Program Administrator,
- Attempting to avoid a test by failing to report involvement in an incident which may require testing or by avoiding management following involvement in an incident,
- Failure to advise of release from medical center/ hospital if testing is delayed for medical reasons,
- Failing or refusing to attend a medical evaluation where required under the Policy, and
- Any attempt to disrupt the testing process as described in the Policy.

Substance Abuse Professional (SAP): This is an individual with knowledge of and clinical experience in the diagnosis and treatment of alcohol and drug related disorders. The SAP will assess if the employee has an alcohol or drug dependency, make recommendations regarding education and treatment, and recommend a return-to-work monitoring program including unannounced testing.

Supervisor: refers to an employee accountable for a particular area or shift, including management, and others in supervisory positions who are directly responsible for the performance of others.

ADOPTION

This Policy was adopted by the Board on August 14, 2023.
Amended and approved by the Board on December 20, 2023.