DISCOVERY METALS CORP.

ANNUAL INFORMATION FORM

For the Fiscal Year Ended December 31, 2019

Dated June 16, 2020

701-55 University Avenue
Toronto, ON
Canada M5J 2H7

1-416-613-9410
info@dsvmetals.com

TSX.V: DSV
OTCQX: DSVMF

TABLE OF CONTENTS

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Except for statements of historical fact, information contained, or incorporated by reference, herein constitutes "forward-looking information" and "forward-looking statements" within the meaning of applicable securities laws. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "planned", "expect", "project", "predict", "potential", "targeting", "intends", "believe", and similar expressions, or describes a "goal", or variation of such words and phrases or states that certain actions, events or results "may", "should", "could", "would", "might" or "will" be taken, occur or be achieved. Statements relating to mineral resources are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the mineral resources described exist in the quantities predicted or estimated or that it will be commercially viable to produce any portion of such resources. Forward-looking statements and forward-looking information are not guarantees of future performance and are based upon a number of estimates and assumptions of management at the date the statements are made, including among other things, 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 in general; there being no significant disruptions affecting the development and operation of the project, including due to the pandemic of the novel coronavirus (COVID-19); exchange rate assumptions being approximately consistent with the assumptions in the report; the availability of certain consumables and services and the prices for power and other key supplies being approximately consistent with assumptions in the report; labour and materials costs being approximately consistent with assumptions in the report and 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, political, business and economic conditions. Many of these assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks and uncertainties, contingencies, and other factors that are not within the control of Discovery Metals Corp. ("**Discovery**" or the "**Corporation**") and could thus cause actual performance, achievements, actions, events, results or conditions to be materially different from those projected in the forward-looking statements and forward-looking information.

Forward-looking information and forward-looking statements herein includes, but is not limited to: 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 estimates, the timing of other exploration and development plans at Discovery's mineral project interests, the amenability of mineralization to produce a saleable concentrate of sufficiently high enough grade and quality to be economic; changes in project parameters as plans continue to be refined; illustrative mine lives of the Corporation's various mineral project interests, the proposed timing and amount of estimated future production, and the illustrative costs thereof; and with respect to the Cordero Project and the Puerto Rico Project: statements regarding the economic and scoping-level parameters of the Cordero Project or the Puerto Rico Project, mineral resource estimates, the cost and timing of any development of the Cordero Project and the Puerto Rico Project, the proposed mine plan 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 project, the net present value ("**NPV**"), capital, the Cordero Project and the Puerto Rico Project location, the timing of the environmental assessment process, changes to the Cordero Project or the Puerto Rico Project configuration that may be requested as a result of stakeholder or government input to the environmental assessment process, government regulations and permitting timelines, estimates of reclamation obligations, requirements for additional capital, environmental risks, general business and economic conditions. Such forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Discovery to be materially different from any future results, performance, or achievements expressed or implied.

Such factors include, among others: the timing and possible outcome of regulatory and permitting matters; the ability to obtain, maintain or renew the underlying licenses and permits in Mexico in accordance with the requirements of applicable mining, environmental, and other laws in Mexico; satisfaction of requirements relating to the submissions and successful defence of Environmental Impact Assessment reports ("**EIAs**"); exploration, development, and operating risks, and risks associated with the early stage status of the Corporation's mineral properties and the nature of exploration; risks associated with the Corporation having no known reserves and no economic reserves may exist on the Corporation's properties, which could have a negative effect on the Corporation's operations and valuation; discrepancies between actual and estimated mineral resources; possible variations of mineral grade or recovery rates; fluctuations in commodity prices and relative currency rates; volatility, changes, or disruptions in market conditions; government regulation of mining operations and changes in government legislation and regulation, including pursuant to the *Canadian Extractive Sector Transparency Measures Act* (Canada); foreign operations risks, political instability, hostilities, insurrection, or acts of war or terrorism (and the potential consequential capital and financial market reaction), pandemics including the novel coronavirus (COVID-19) (and the potential consequential governmental regulations and capital and financial market reaction); reputational risks; potential dilution of Common Shares (as defined in this Annual Information Form ("**AIF**")**)** voting power or earnings per share as a result of the exercise of warrants, RSUs, DSUs, or Options (all as defined in this AIF), future financings or future acquisitions financed by the issuance of equity; uncertainties associated with minority interests and joint venture operations; ability to satisfy contractual obligations and additional capital needs generally; reliance on a finite number of properties; contests over title to properties; costs and results derived from community relations activities; availability of adequate infrastructure; the cost, timing, and amount of estimated future capital, operating exploration, acquisition, development, and reclamation activities; limited operating history and no earnings; limits of insurance coverage and uninsurable risk; accidents, labour disputes, and other risks of the mining industry, including but not limited to environmental risks and hazards, pitwall failures, flooding, rock bursts, and other acts of God or natural disasters; unfavourable operating conditions; environmental risks and hazards; limitations on the use of community water sources; risks associated with the Corporation's indemnified liabilities; competitive conditions in the mineral exploration and mining businesses; the ability of the Corporation to retain its key management employees and the impact of shortages of skilled personnel and contractors; potential acquisitions and their integration with the Corporation's current business; future sales of Common Shares by existing shareholders; influence of third party stakeholders; successful defence against existing, pending, or threatened litigation or other proceedings; conflicts of interest; the Corporation's designation as a "passive foreign investment company"; the adequacy of the Corporation's system of internal controls; credit and/or liquidity risks; cyber security risks; changes to the Corporation's dividend policy; the interpretation and actual results of historical production at certain of the Corporation's exploration property interests, as well as specific historic data associated with, and drill results from, those properties, and the reliance on technical information provided by third parties; changes in labour costs or other costs of exploration and development; failure of equipment or processes to operate as anticipated; Discovery's ability to fully fund cash-calls made by its joint venture partner, completion of expenditure and other obligations under earn-in or option agreements to which the Corporation is a party; the impact of archaeological, cultural, or environmental studies within the property area; the designation of all or part of the property area of the Corporation's projects as a protected wildlife habitat under government legislation and regulation; future issuances of the Common Shares to satisfy earn-in or lease-related obligations or the acquisition of exploration properties; judgement of management when exercising discretion in their use of proceeds from offerings of securities; those general business, economic, competitive, political, regulatory, and social uncertainties, disruptions or changes in the credit or securities markets and market fluctuations in prices for Discovery's securities that may occur outside of management's control; the Corporation's history of net losses and negative operating cash flow; the Corporation's major shareholder(s) having the ability to influence matters submitted to Discovery's shareholders for approval; and the risks involved in the exploration, development, and mining business in general.

Although the Corporation has attempted to identify important factors that could cause actual performance, achievements, actions, events, results, or conditions to differ materially from those described in forward-looking statements or forward-looking information, there may be other factors that cause performance, achievements, actions, events, results, or conditions to differ from those anticipated, estimated, or intended. Further details relating to many of these factors is discussed in the section entitled "*Risk Factors*" in this AIF.

Forward-looking statements and forward-looking information contained herein are made as of the date of this AIF and the Corporation disclaims any obligation to update or revise any forward-looking statements or forward-looking information, whether as a result of new information, future events, or results or otherwise, except as required by applicable law. There can be no assurance that forward-looking statements or forward-looking information will prove

to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements or forward-looking information. All forward-looking statements and forward-looking information attributable to us is expressly qualified by these cautionary statements.

CAUTIONARY NOTE TO UNITED STATES INVESTORS CONCERNING ESTIMATES OF MEASURED, INDICATED, AND INFERRED RESOURCES

Information in this AIF, including any information incorporated by reference, and disclosure documents of Discovery that are filed with Canadian securities regulatory authorities concerning mineral properties have been prepared in accordance with the requirements of securities laws in effect in Canada, which differ from the requirements of United States securities laws.

Without limiting the foregoing, these documents use the terms "measured resources", "indicated resources", and "inferred resources". Shareholders in the United States are advised that, while such terms are defined in and required by Canadian securities laws, the United States Securities and Exchange Commission (the "**SEC**") does not recognize them. Under United States standards, mineralization may not be classified as a reserve unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. United States investors are cautioned not to assume that all or any part of measured or indicated resources will ever be converted into reserves. Further, inferred resources have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. It is reasonably expected that the majority of inferred mineral resources could be upgraded to indicated mineral resources with continued exploration; however, there is no certainty that these inferred mineral resources will be converted into mineral reserves, once economic considerations are applied. Under Canadian rules inferred mineral resources must not be included in the economic analysis, production schedules, or estimated mine life in publicly disclosed Pre-Feasibility or Feasibility Studies, or in the Life of Mine plans and cash flow models of developed mines. Inferred Mineral Resources can only be used in economic studies as provided under NI 43-101 (as defined below). Therefore, United States investors are also cautioned not to assume that all or any part of the inferred resources exist, or that they can be mined legally or economically. Disclosure of contained ounces is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report resources as in place tonnage and grade without reference to unit measures. Accordingly, information concerning descriptions of mineralization and resources contained in these documents may not be comparable to information made public by United States companies subject to the reporting and disclosure requirements of the SEC.

PRELIMINARY NOTES

Throughout this Annual Information Form ("**AIF**"), Discovery Metals Corp. is referred to as "**Discovery**" or the "**Corporation**". All information contained in this AIF is given as of December 31, 2019, unless otherwise stated.

Currency

All dollar amounts referenced, unless otherwise indicated, are expressed in Canadian dollars ("**C$**"), the same currency that the Corporation uses in its consolidated financial statements as its reporting currency.

Measurements and frequently used abbreviations and acronyms

In this AIF, metric units are used with respect to the Corporation's various mineral properties and operations. Conversion rates from imperial measures to metric units and from metric units to imperial measures are provided in Table 1 set out below:

Table 1: Conversion Rates from Imperial Measures to Metric Units and from Metric Units to Imperial Measures

Imperial Measure	Metric Unit	Metric Unit	Imperial Measure
2.471 acres	1 hectare ("ha")	0.4047 hectares	1 acre ("ac")
3.281 feet	1 metre ("m")	0.3048 metres	1 foot ("ft.")
0.621 miles	1 kilometres ("km")	1.609 kilometres	1 mile ("mi.")
2.20 pounds	1 kilogram ("kg")	0.454 kilograms	1 pound ("lb.")
0.032 troy ounces	1 gram ("g")	31.1 grams	1 troy ounce ("oz.")

Measurements and amounts in this AIF have been rounded to the nearest two decimal places.

Financial Statements and Management Discussion and Analysis

This AIF should be read in conjunction with the audited consolidated financial statements of Discovery for the year ended December 31, 2019 (the "**Audited Financial Statements**"), the accompanying management's discussion and analysis ("**MD&A**") for that year, the unaudited interim condensed consolidated financial statements of Discovery for the three months ended March 31, 2020 (the "**Interim Financial Statements**") and the accompanying MD&A for that period.

Unless otherwise indicated, financial information contained in this AIF is presented in accordance with International Financial Reporting Standards ("**IFRS**"). The Audited Financial Statements, Interim Financial Statements, and accompanying MD&A documents are available at www.dsvmetals.com and on SEDAR at www.sedar.com.

Standard Resource and Reserve Reporting System

National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*, Companion Policy 43-101CP, and Form 43-101F1 (collectively, "**NI 43-101**") are a set of rules developed by the Canadian Securities Administrators, which has established standards for all public disclosure an issuer makes of "scientific and technical information" concerning mineral projects ("**Technical Information**"). Unless otherwise indicated, all Technical Information, including resource estimates attributable to Discovery's property interests contained in this AIF, and including any information contained in certain documents referenced in this AIF, has been prepared in accordance with NI 43-101, and those standards of the Canadian Institute of Mining, Metallurgy and Petroleum Standing Committee on Reserve Definitions.

The named individuals who supervised the preparation of the Technical Information contained in this AIF are qualified persons, as defined under NI 43-101 (each individually, a "**Qualified Person**"). Each such Qualified Person is an author of one of the technical reports that form the basis for the majority of the Technical Information reproduced in this AIF.

Material Property Interests

As at the date of this AIF, the Corporation holds an interest in two mineral properties considered to be material within the meaning of applicable Canadian securities laws:

Project Name	Ownership entity	% Interest
Cordero	Minera Titan S.A., de C.V.	100%
Puerto Rico	Discovery Metals, S.A. de C.V.	PR Option Agreement for 100%

See discussion in this AIF under headings "*Intercorporate Relationships*", "*Cordero Project*", and "*Puerto Rico Project*" for summaries of, and Technical Information for, the Cordero Project and the Puerto Rico Project.

Technical Disclosure

Unless otherwise indicated, Discovery has prepared the Technical Information in this AIF based on information contained in the technical reports and news releases (collectively the "**Disclosure Documents**") available under the Corporation's issuer profile and the issuer profile of Levon (as defined below), both available on SEDAR at www.sedar.com. The Disclosure Documents are each intended to be read as a whole, and sections should not be read or relied upon out of context. The Technical Information is subject to the assumptions and qualifications contained in the Disclosure Documents.

Each of the Disclosure Documents was prepared by or under the supervision of a Qualified Person. Readers are encouraged to review the full text of the Disclosure Documents which qualifies the Technical Information.

With the exception of the Cordero Project, any inferences disclosed in this AIF of potential quantity and grade at the Corporation's exploration property interests are conceptual in nature, and there has been insufficient exploration to date to define a mineral resource. It is uncertain if further exploration will result in other targets at the Cordero Project, or any of the Corporation's other mineral property interests, being delineated as a mineral resource.

Mineral resource estimates contained herein are only estimates and no assurance can be given that any particular level of recovery of minerals will be realized or that an identified resource will ever qualify as a commercially mineable or viable deposit which can be legally and economically exploited. In addition, the grade of mineralization ultimately mined may differ from the one indicated by drilling results and the difference may be material. The estimated resources described herein should not be interpreted as assurances of mine life or of the profitability of future operations. Readers are advised that mineral resources that are not mineral reserves do not have demonstrated economic viability.

Gernot Wober, P. Geo., the Corporation's Vice President Exploration and a Qualified Person, has prepared and approved the Technical Information in this AIF. Mr. Wober has consented to the inclusion of the Technical Information in the form and context in which it appears in this AIF.

CORPORATE STRUCTURE

Name, Incorporation, and Registered Office

The Corporation was incorporated on October 10, 1986 as "R B Technologies Inc." under the Company Act (British Columbia). On November 18, 1986, the Corporation's name was changed to "Vertech Systems Corporation", then on June 26, 1989, to "Vercan Investments Inc.", then on January 26, 1998, to "Watersave Logic Corporation", then on July 27, 2006, to "Abode Mortgage Holdings Corp.", then on August 19, 2013, to "Ayubowan Capital Ltd."

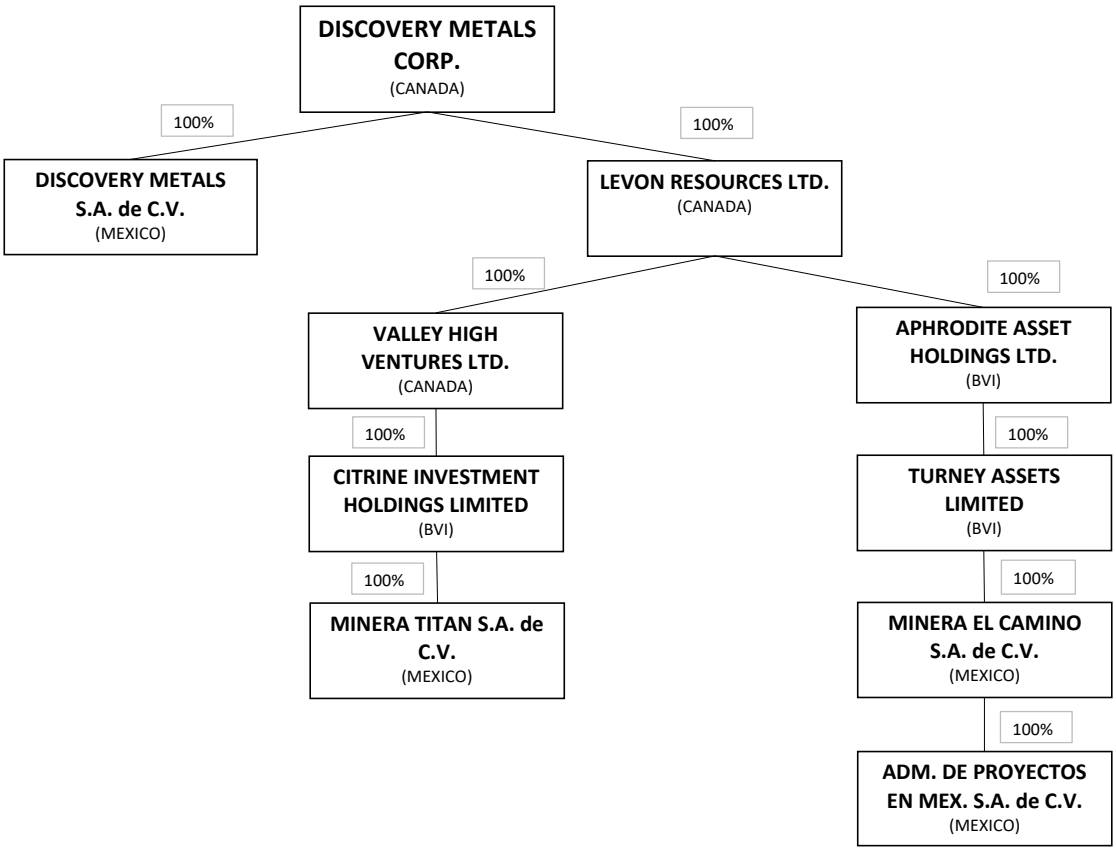
On June 13, 2017, the Corporation's name was changed to "Discovery Metals Corp.", and the Corporation exists pursuant to the *Business Corporations Act* (British Columbia). See "*General Development of the Business – Three Year History – 2017 Developments*" in this AIF for further details.

The principal place of business of the Corporation is located at 701-55 University Avenue, Toronto, Ontario, Canada. The registered office of the Corporation is 2200 HSBC Building, 885 West Georgia Street, Vancouver, British Columbia, Canada.

The Corporation also has offices in Parral, Muzquiz, and Hermosillo, Mexico for its projects located in these respective jurisdictions.

Intercorporate Relationships

A significant portion of the Corporation's business is carried on through its various subsidiaries. The following chart illustrates, as at the date of this AIF, the Corporation's subsidiaries, including their respective places of incorporation and the percentage of voting securities in each that are held by the Corporation either directly or indirectly.



GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

2017 Developments

On April 7, 2017, the Corporation, through its wholly-owned subsidiary Discovery Mexico S.A. de C.V. ("**Discovery Mexico**"), entered into a mineral exploration and option agreement (the "**PR Option Agreement**") with Jesus Miguel Hernandez-Garza and Juan Reynaldo Elizondo Falcon (together, the "**Vendors**"), to acquire certain mineral concessions located in Coahuila, Mexico forming part of the Puerto Rico exploration project (the "**Puerto Rico Property**"). Discovery Mexico entered into a second mineral exploration and option agreement (the "**Renata Option Agreement**") with the Vendors, which provided the Corporation with an option to acquire an additional mineral concession, also located in Coahuila, Mexico, comprising the Renata exploration project (the "**Renata Property**"). The transaction involving the PR Option Agreement and the Renata Option Agreement constituted a change of

business under TSX Venture Exchange policies, with the Corporation becoming a junior mining/exploration company on closing of the transaction (the "**Puerto Rico Transaction**"). The Puerto Rico Property and the Renata Property sit within a consolidated approximate 3,000 square kilometre land package that covers hundreds of historical high-grade lead ("**Pb**")-silver ("**Ag**")-zinc ("**Zn**") workings and mines, virtually none of which have ever been drill tested. The Puerto Rico Property and the Renata Property are situated on the major carbonate replacement deposit (CRD) belt that extends 1,700 km from southeast Arizona to central Mexico.

On May 15, 2017, Discovery Mexico entered into four additional mineral exploration and option agreements with the Vendors (the "**Additional Option Agreements**", and collectively with the PR Option Agreement and the Renata Option Agreement, the "**Puerto Rico Option Agreements**") to acquire mineral concessions comprising the Minerva, Monclova, Santa Rosa, and Jemi Rare properties (the "**Additional Minerals Concessions**"). Discovery Mexico is the operator of the Additional Minerals Concessions during the term of the Additional Option Agreements and is required to pay all mining duties required to maintain the underlying Additional Minerals Concessions in good standing.

In order to fund initial exploration programs on the Puerto Rico Property, the Renata Property, and the Additional Mineral Concessions, and to provide working capital for the Corporation going forward, concurrently with the Puerto Rico Transaction, the Corporation completed an offering of subscription receipts at a price of C$0.50 per subscription receipt (each, a "**Subscription Receipt (2017)**"), with each Subscription Receipt (2017) converting into one unit of the Corporation for no additional consideration on the closing of the Puerto Rico Transaction. Each unit was comprised of one common share in the capital of the Corporation (each, a "**Common Share**") and one share purchase warrant entitling the holder to acquire one additional Common Share at a price of C$1.00 per Common Share for a period of 24 months (each, a "**2017 Warrant**"). Closing in two tranches on July 17, 2017, and July 19, 2017, the Corporation raised aggregate gross proceeds of C$15,618,500, through the issuance of 31,237,000 Subscription Receipts (2017). The proceeds of the Subscription Receipts (2017) were held in escrow, pending the Corporation receiving all applicable regulatory approvals and completing the Puerto Rico Transaction.

On August 17, 2017, the Corporation announced the closing of the Puerto Rico Transaction, and that the Corporation had been reclassified as a Tier 2 Mining Issuer on the TSX Venture Exchange. The previously issued 31,237,000 Subscription Receipts (2017) each converted into one unit consisting of one Common Share and one 2017 Warrant.

2019 Developments

On May 30, 2019, the Corporation entered into an arrangement agreement with Levon Resources Ltd. ("**Levon**"), then listed on the Toronto Stock Exchange, pursuant to which the Corporation would acquire all of the issued and outstanding common shares in the capital of Levon (the "**Levon Shares**") pursuant to a court-approved statutory plan of arrangement under the British Columbia *Business Corporations Act* (the "**Levon Transaction**"). As consideration for the Levon Transaction, the Corporation would issue 0.55 of a Common Share for each Levon common share (the "**Exchange Ratio**"), based on the closing price of C$0.23 per Common Share on the TSX Venture Exchange on May 29, 2019.

On July 25, 2019, the Corporation closed a non-brokered private placement raising aggregate gross proceeds of $9,004,770 through the issuance of 23,216,174 Common Shares and 15,935,000 subscription receipts at a price of $0.23 per subscription receipt (each, a "**Subscription Receipt (July 2019)**"). Proceeds from the Subscription Receipts (July 2019) were placed in escrow pending the close of the Levon Transaction.

On August 2, 2019, the Corporation completed the Levon Transaction. Upon closing of the Levon Transaction: (i) Levon amalgamated with the Corporation's wholly-owned subsidiary 1210573 B.C. Ltd., and remains a wholly-owned subsidiary of the Corporation maintaining the name "Levon Resources Ltd."; (ii) all outstanding stock options of Levon were exchanged for options to purchase Common Shares on the basis of the Exchange Ratio, and will expire on August 2, 2020; (iii) all unexercised Levon share purchase warrants were exchanged for warrants to purchase Common Shares on the basis of the Exchange Ratio and expire in accordance with their current expiry dates; and (iv) all 15,935,000 Subscription Receipts (July 2019) converted to the equivalent number of Common Shares for no further consideration.

On November 4, 2019, the Corporation closed an over-subscribed non-brokered private placement raising aggregate gross proceeds of $19,000,000 through the issuance of 38,911,108 Common Shares at a price of C$0.45 per Common Share, and 3,311,111 subscription receipts at a price of $0.45 per subscription receipt (each, a "**Subscription Receipt (November 2019)**"). Proceeds from the Subscription Receipts (November 2019) were placed in escrow pending the

approval of the Corporation's shareholders for 2176423 Ontario Ltd., a corporation controlled by Mr. Eric Sprott ("**2176423 Ontario**"), to become a new "Control Person" (as defined in the policies of the TSX Venture Exchange) of the Corporation.

On December 11, 2019, the Corporation's shareholders passed a resolution approving 2176423 Ontario's becoming a Control Person of the Corporation. All 3,311,111 Subscription Receipts (November 2019) converted to Common Shares for no further consideration, resulting in 2176423 Ontario holding approximately 21% of the Common Shares.

2020 Developments

As a result of the SARS-CoV-2 coronavirus ("**COVID-19**"), on March 31, 2020, the Corporation temporarily suspended its exploration activities in Mexico until it is deemed safe for employees to resume work. The Corporation's exploration activities in Mexico remain temporarily suspended as of the date of this AIF.

On May 29, 2020 and June 8, 2020, the Corporation closed tranches of a non-brokered private placement raising aggregate gross proceeds of $25,000,000 through the issuance of 45,454,545 units at a price of C$0.55 per unit, with each unit consisting of one Common Share and one half Common Share purchase warrant exercisable at C$0.77 for two years after the date of issuance. On closing of the private placement, 2176423 Ontario Ltd. owned approximately 24.4% of the Common Shares, and Merian Gold and Silver Fund (a sub-fund of Merian Global Investors Series plc) owned approximately 13.3% of the Common Shares, each on an undiluted basis.

Significant Acquisitions

The Levon Transaction was completed by the Corporation during its financial year ended December 31, 2019. A summary of the Levon Transaction is described above under "*General Development of the Business – Three Year History – 2019 Developments*". A Business Acquisition Report under Form 51-102F4 under Part 8 of National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**") was not required to be filed in connection with the Levon Transaction.

DESCRIPTION OF THE BUSINESS

The Corporation 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, primarily Mexico.

The Corporation's technical and management team are currently focused on advancing one project with strong exploration and production potential in northern Mexico.

The Corporation's objective is to identify and successfully define and develop mineral deposits, primarily in Mexico. The Corporation's material properties are the Cordero project located in Chihuahua, Mexico (the "**Cordero Project**") and the Puerto Rico project located in Coahuila, Mexico (the "**Puerto Rico Project**").

The Cordero Project

The Cordero Project is one of Mexico's premier porphyry targets for silver, gold, zinc, and lead. Following completion of a successful Preliminary Economic Assessment in April 2018, the current indicated and inferred resources, combined with the Cordero Project's eight large-scale mineral targets on more than 370 square kilometres, have established the Cordero Project as a world-class property and a district-scale discovery ready for pre-feasibility studies. The Cordero Project hosts rocks, geology, metal assemblage, and size are all analogous to some of Mexico's largest world-class, bulk-tonnage silver deposits including Peñasquito (Goldcorp), Camino Rojo (Orla Mining), and Pitarilla (Silver Standard). These deposits are all situated within the same emerging Chihuahua-Zacatecas silver-gold belt in northern Mexico.

Since acquiring the Cordero Project in August 2019 through the Levon Transaction, the Corporation's focus has been on understanding the nature of the higher-grade zones within the larger mineralized system with the objective of upgrading the economic potential of the Cordero Project. Based on the Corporation's review of previous work and the re-logging of core from historic drilling, higher-grade mineralization is currently understood to be predominantly associated with two styles of mineralization: (1) sulphide mineralization within a breccia host; and (2) discrete sulphide veins. The Corporation initiated a Phase 1 drill program totaling 30,000m to 35,000m in September 2019 and originally expected to complete the full drill program through the course of 2020. The goal of the Phase 1 program is to gain an understanding of the geology, geometry (strike, dip, orientation), and controls on the two main styles of higher-grade mineralization to define and delineate the higher-grade zones. In conjunction with the drill program, the Corporation also intends to advance property wide targets to drill ready status in 2020.

For further details concerning the Cordero Project, please see "*Cordero Project*" in this AIF.

The Puerto Rico Project

The Puerto Rico Project is a large, multi-target carbonate replacement (CRD) silver-zinc-lead mining district that has historically produced approximately one million tonnes of shallow, high-grade, direct-shipping ore. There has been no modern exploration or drilling carried out at the Puerto Rico Project. The Corporation controls approximately 350 square km of mineral rights covering a 6 km long trend of historic mines with hydrothermal alteration, as well as prospective structural extensions of known mineralization on the Puerto Rico Project. The Puerto Rico Project is currently in the drill permitting process. Three historic mines comprise the project: the Puerto Rico Mine, the San Jose Mine, and the Zaragoza Mine.

The Puerto Rico Mine hosts approximately 650m of underground drifts and stopes over three levels that span a vertical extent of 60m and cover a horizontal extent of approximately 200m (strike) by 30m (width) in a northwesterly direction. The underground workings (from bottom to top: Haulage, Stairs, and Upper Levels) are host to strongly mineralized Ag-Pb-Zn mantos and chimneys. Several mantos are well exposed in the underground workings, where they follow bedding in flat-lying to gently folded strata, and locally step across limestone beds. The mineralized vertical faults and fracture zones and are considered chimneys and extend between mine levels.

The San Jose Mine contains approximately 630m of underground drifts and stopes over four levels (from bottom to top: the Chuyon, Haulage, Rope and Upper levels) that span an approximate vertical extent of 50m and cover a horizontal extent of approximately 80m by 80m. All four levels host strongly mineralized mantos, chimneys and faults.

Based on the Corporation's recent work, the Zaragoza Mine is estimated to contain approximately 330m of developed underground drifts and stopes over three levels (250m accessible), known as the Chica, Grande, and Lower levels. The underground workings cover an approximate strike and width of 100m and 80m respectively, and appear to be open in all directions for further exploration.

For further details concerning the Puerto Rico Project, please see "*Puerto Rico Project*" in this AIF.

Expected Changes to the Business

Since the acquisition of the Cordero Project through the Levon Transaction in August 219, the Corporation has focused on advancing its understanding of the mineralization at the Cordero Project by commencing a 30,000m to 35,000m drill program originally anticipated to be complete in 2020. However, on March 31, 2020, the Corporation suspended activities as a result of COVID-19. Business continuity plans are in place to resume exploration activities once it is deemed safe to do so. Please see "*Risk Factors*" in this AIF for additional details.

Management of the Corporation does not expect any material changes to the business; however, as is typical of the mineral exploration and development industry, from time to time the Corporation reviews potential merger, acquisition, investment, divestiture, and joint venture transactions and opportunities that could enhance shareholder value.

Current scientific and technical information may change as a result of further exploration and development programs. Accordingly, readers of this AIF are urged to read the press releases issued by the Corporation as they become available on SEDAR at www.sedar.com for full and up-to-date information concerning the Corporation's business and its material exploration property interests.

Area of Interest and Limitations on the Business

In order to keep the claims in good standing at the Cordero Project, the Corporation was required to spend a minimum of approximately US$2.6 million during 2019. From the closing of the Levon Transaction, a total of C$3.0 million was spent on the Cordero Project. Including the spend prior to the Levon Transaction in August 2019, the Corporation has met the annual work requirements on the Cordero Project.

Competitive Conditions; Employees

The Corporation's business is intensely competitive, and the Corporation competes with other exploration, development, and mining companies, many of which have greater resources and experience. As described in this AIF under "*Risk Factors*", competition in the precious metals mining industry is primarily for mineral rich properties which can be developed and operated economically and the capital of which can be used for the purpose of financing development of desired properties. In addition, this competition may impact the Corporation's ability to recruit or retain qualified employees with the technical expertise to find, develop, or operate such properties.

Discovery believes that its success is dependent on the performance of its management and key employees, many of whom have specialized knowledge and skills relating to the precious metals' exploration business. Discovery believes it has adequate personnel with the specialized skills required to successfully carry out its operations. As at the date of this AIF, the Corporation and its subsidiaries had 20 direct employees, including 8 retained through the acquisition of Levon in August 2019.

The Corporation has also retained Oxygen Capital Corp. ("**Oxygen**"), a private entity owned by certain directors of the Corporation, to provide services to the Corporation including staffing and other administrative functions. Oxygen provides its services and personnel on a cost recovery basis. The Corporation benefits from expanded access to management, technical, and administrative personnel as a result of the Oxygen relationship. Through the year ended December 31, 2019, no employees of Oxygen dedicated more than 50% of their time to the Corporation. Neither Oxygen nor its owners are remunerated for services provided under this arrangement.

Health, Safety, and Environment

The Corporation places great emphasis on providing a safe and secure working environment for all of the Corporation's employees and recognizes the importance of operating in a sustainable manner.

The Health, Safety, and Sustainability Committee of the Corporation's board of directors (the "**Board**") meets at least quarterly to review the Corporation's performance and compliance as related to such matters. Discovery has also adopted a Health, Safety, and Sustainability Charter, and has communicated the importance of working in a safe and secure working environment to all employees and significant contractors. Discovery has also adopted a Health, Safety, and Sustainability Policy to frame decisions of the Corporation's employees and contractors.

The Corporation believes awareness and communication of risks are critical steps in preventing accidents on each of the property interests operated by the Corporation. The Corporation requires:

- Mandatory orientation sessions for all site workers and visitors on the properties;
- Drill safety meetings at start-up of drill programs, weekly safety meetings while drill programs are underway, and safety meetings after any accidents/incidents; and
- The use of cell phones or "spot-devices" at all times for personnel in the field.

The Corporation had no lost-time incidents during the years ended December 31, 2019, and December 31, 2018, and none from January 1, 2020, to the date of this AIF.

The Corporation is subject to federal, provincial, territorial, state and local environmental laws and regulations. Management have put in place ongoing monitoring programs at the Corporation's properties and posts surety bonds, as required, in compliance with state and local closure, reclamation, and environmental obligations. The estimate for future reclamation and property closure costs (current and non-current) for the Corporation's projects at December 31, 2019 was $32,629. The reclamation obligation relates to properties in the Bralorne region of British Columbia. Subsequent to December 31, 2019, the Corporation sold these claims to Talisker Resources Ltd. and therefore, at the date of the AIF, no longer has any future reclamation and property closure costs.

There were no environmental incidents at any of the exploration properties at which the Corporation is the operator through the twelve months ended December 31, 2019, and up to the date of this AIF.

One of the more significant environmental risks associated with the Corporation's exploration projects relates to the handling of fuel and fuel storage systems. These risks are mitigated through the use of various spill protection equipment. Management have also developed emergency plans in the event that a significant spill does occur. The Corporation maintains Material Safety Data Sheets for substances where such is required, and does not use anything in the drilling program other than standard additives, all generally benign, including bentonite, polymer, cement, soda ash, cellophane flakes, paper flakes, and (dish) detergent.

Discovery's projects are subject to periodic monitoring by government agencies with respect to environmental protection plans and practices, which must be detailed when applying for exploration permits.

Corporate Social Responsibility – Mexico

Discovery works closely with the communities, including ejidos, in the states of Coahuila and Chihuahua in Mexico in order to engage stakeholders and build positive relationships based on transparency, trust, and shared benefits. Where possible, the Corporation hires locally for labour, dirt work, and geology, and all supplies are sourced locally. The Corporation has given presentations to the local communities, in order to explain the activities at the Cordero Project and has sponsored local events. The Corporation is currently investigating ways to continue supporting employees, communities, and other stakeholders impacted by COVID-19.

RISK FACTORS

An investment in securities of the Corporation involves a significant degree of risk and must be considered highly speculative due to the nature of the Corporation's business and the present stage of exploration and development of its mineral property interests. There are a number of risks that may have a material and adverse impact on the future operating and financial performance of the Corporation and could cause the Corporation's operating and financial performance to differ materially from the estimates described in forward-looking statements related to the Corporation.

The risks set out below are not the only risks facing the Corporation. There are widespread risks associated with any form of business and specific risks associated with Discovery's business and its involvement in the mining industry, in particular the exploration and development of precious and base metals projects.

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits, which, though present, are insufficient in quantity or quality to return a profit from production. **Shareholders of the Corporation may lose their entire investment.**

In addition to the other information set forth elsewhere in this AIF, the following risk factors should be carefully reviewed by prospective investors. These risks may not be the only risks faced by Discovery. Risks and uncertainties not presently known by Discovery or which are presently considered immaterial may also adversely affect Discovery's business, properties, results of operations and/or condition (financial or otherwise). **If any of the following risks actually occur, the Corporation's business, financial condition, results, and prospects could be adversely affected.**

Additional risks and uncertainties not presently known to Discovery or those that are currently deemed immaterial may also impair the Corporation's business operations. If any such risks actually occur, the business, financial condition, and operating results of the Corporation could be materially harmed. All references to "**Discovery**" or the "**Corporation**" in this section entitled "*Risk Factors*" include Discovery and its subsidiaries, except where the context otherwise requires. Before making an investment decision, prospective investors should carefully consider the risks and uncertainties herein, as well as the other information contained in the Corporation's public filings.

Mexico is still considered to be an emerging market. Many of the Risk Factors identified in this AIF reflect risks and characteristics unique to operating in an emerging market.

Pandemic of Novel Coronavirus COVID-19

In December 2019, a novel strain of the coronavirus emerged in China and the virus has now spread to several other countries, including Canada, the U.S., and Mexico. On March 11, 2020, the World Health Organization ("**WHO**") assessed COVID-19 as a pandemic. This assessment by the WHO was not unexpected given the virus had been circulating in various parts of the world. Infections have been reported globally resulting in over 275,000 confirmed deaths and more than 4 million confirmed cases of COVID-19 leading up to the date of this AIF.

The effect of COVID-19 and the actions recommended to combat COVID-19 are changing rapidly. The extent to which COVID-19 will continue to impact the Corporation's business, including its operations and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity, and scope of the outbreak and the actions taken to contain or treat the COVID-19 outbreak. In particular, the continued spread of COVID-19 globally could materially and adversely impact the Corporation's business including without limitation, employee health, workforce productivity, obligations regarding flow-through shares, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, restrictions to its drill program and/or the timing to process drill and other metallurgical testing, and other factors that will depend on future developments beyond the Corporation's control, which may have a material and adverse effect on the Corporation's business, financial condition, and results of operations.

There can be no assurance that the Corporation's personnel will not be impacted by COVID-19 or other coronaviruses. The Corporation may ultimately see its workforce productivity reduced and may incur increased medical costs and insurance premiums as a result of these health risks.

The Corporation is trying to assess the impact that COVID-19 might have on its operations, including its exploration activities. Overall, the key risks related to exploration activities currently relate to (a) availability of drilling and assay services; (b) the procurement of goods and potential supply chain issues; and (c) impact to both site-based personnel and head office personnel. On March 31, 2020, the Corporation announced that it had temporarily suspended its operations in Mexico as a result of a Mexican government decree declaring all non-essential services to be stopped. In addition, drilling services contractors and certain assay labs have also temporarily suspended activities, thereby impacting the pace of exploration activities. On May 13, 2020, the Mexican government published a decree announcing that mining and several other sectors were to be considered essential services and could begin operations as early as June 1, 2020. Commencement of operations is subject to the Mexican government's approval of a company's application to resume operations. The applicant must demonstrate that strict health and safety protocols are in place and will be adhered to. Although this is positive news for the mining industry, the Corporation is currently determining whether health and safety protocols could be implemented that would ensure the safety of its employees, consultants, contractors, and communities should operations recommence. The Corporation is committed to remaining engaged with local stakeholders during this uncertain period. The Corporation will continue to closely monitor the directives of all levels of government in both Mexico and Canada as well as the relevant health authorities. As such, and although the Corporation applied and was granted permission to recommence operations, it has not set a specific date to re-start its operations in Mexico.

In addition, the actual and threatened spread of COVID-19 globally could continue to negatively impact global economies and financial markets, resulting in an economic downturn, affecting the trading price of the Corporation's Common Shares, and also adversely impact the Corporation's ability to raise capital. Any of these developments, and others, could have a material adverse effect on demand for precious and base metals and the Corporation's business.

Exploration, Development, and Operating Risks, and Risks Associated with the Early Stage Status of the Corporation's Mineral Properties and the Nature of Exploration; the Corporation Has No Known Reserves and No Economic Reserves May Exist on the Corporation's Properties, Which Could Have a Negative Effect on the Corporation's Operations and Valuation

The Corporation's mineral property interests are of high risk and are considered to be speculative in nature. There is no certainty that the expenditures made by the Corporation towards the search for and evaluation of minerals with regard to its mineral property interests, or otherwise, will result in discoveries of commercial quantities of silver or other minerals.

In addition, the Corporation may expend substantial funds in exploring some of its properties only to abandon them and lose its entire expenditure on the properties if no commercial or economic quantities of minerals are found. Even if commercial quantities of minerals are discovered, the exploration properties might not be brought into a state of commercial production.

Finding mineral deposits is dependent on a number of factors, including the technical skill of exploration personnel involved. The commercial viability of a mineral deposit once discovered is also dependent on a number of factors, some of which are the particular attributes of the deposit, such as content of the deposit including harmful substances, size, grade, and proximity to infrastructure, as well as metal prices and the availability of power and water in sufficient supply to permit development. Most of these factors are beyond the control of the entity conducting such mineral exploration. Where expenditures on a property have not led to the discovery of mineral reserves, such incurred expenditures will generally not be recoverable. Furthermore, the exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate or even mitigate. While the discovery of a mineral-bearing structure may result in an increase in value for shareholders, few properties which are explored are ultimately developed into producing mines. Substantial expenditures are required to locate and establish mineral reserves through drilling, for development of metallurgical processes to extract the metal from the ore, and in the case of new properties, for construction of the mining and processing facilities and infrastructure at any site chosen for mining.

It is impossible to ensure that the exploration or development programs planned by the Corporation will result in a profitable commercial mining operation. Whether a silver or other precious or base metal or mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as quantity and quality of mineralization and proximity to infrastructure; mineral prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection. Other factors include: the ability to hire and retain qualified people, the ability to obtain suitable machinery, equipment or labour, and the ability to obtain necessary services in jurisdictions in which the Corporation operates. Unfavourable changes to these and other factors have the potential to negatively affect the Corporation's operations and business.

In the exploration and development phases of a project, no absolute assurance can be given that any particular level of recovery of minerals will be realized or that any potential quantities and/or grade will ever qualify as a resource, or that any such resource will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited. In addition, if production is commenced, mineral reserves are finite and there can be no assurance that the Corporation will be able to locate additional reserves as its existing reserves are depleted.

Although there are initial mineral resource estimates defined for targets at the Cordero Project and the Puerto Rico Project, it is uncertain if further exploration will result in additional targets at the Cordero Project and the Puerto Rico Project, or others in the Corporation's portfolio being delineated as a mineral resource. Any reference to potential quantities and/or grade is conceptual in nature, as there has been insufficient exploration at these other projects to define any mineral resource and it is uncertain if further exploration will result in the determination of any mineral resource. The term "Reserve(s)" is not applicable to any of the Corporation's mineral property interests. Quantities and/or grade described in this AIF for targets other than at the Cordero Project and the Puerto Rico Project should not

be interpreted as assurances of a potential resource or reserve, or of potential future mine life or of the profitability of future operations.

As to the deposits at the Cordero Project and the Puerto Rico Project, or other properties on which the Corporation may release a resource estimate, the Corporation notes that mineral resources that are not mineral reserves do not have demonstrated economic viability. Mineral resource estimates may or may not account for mine-ability, selectivity, mining loss, and dilution. These mineral resource estimates include inferred mineral resources that are normally considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. It is reasonably expected that the majority of inferred mineral resources could be upgraded to indicated mineral resources with continued exploration; however, there is no certainty that these inferred mineral resources will be converted into mineral reserves, once economic considerations are applied.

In general, mining operations involve a high degree of risk. The Corporation's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of silver, precious metals and other minerals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding, and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage, and possible legal liability.

Permitting and License Risks

In the ordinary course of business, Discovery will be required to obtain and renew governmental licenses or permits for the operation and expansion at each of its property interests; or for the development, construction, and commencement of mining at any of the Corporation's mineral resource properties. Obtaining or renewing the necessary governmental licenses or permits is a complex and time-consuming process involving numerous jurisdictions with public hearings and costly permitting and other legal undertakings.

In Mexico, as with many jurisdictions, there are various federal, state, and local laws governing land, power, and water use, the protection of the environment, development, occupational health and safety, waste disposal, and appropriate handling of toxic substances. Such operations and exploration activities are also subject to substantial regulation under these laws by governmental agencies and require the Corporation to obtain permits from various governmental agencies.

Exploration generally requires one form of permit while development and production operations require additional permits. Each stage of a property's development can also require multiple permits. There can be no assurance that all permits which the Corporation may require for future exploration or possible future development will be obtainable at all or on reasonable terms. In addition, future changes in applicable laws or regulations could result in changes in legal requirements or in the terms of existing permits applicable to the Corporation or its properties. This could have a negative effect on the Corporation's exploration activities or the Corporation's ability to develop its properties.

The duration and success of the Corporation's efforts or those of its partners to obtain and renew licenses or permits are contingent upon many variables not within Discovery's control, including the interpretation of applicable requirements implemented by the particular licensing authority. The Corporation may not be able (and no assurances can be given with respect to its ability) to obtain or renew licenses or permits that are necessary to operations at Discovery's property interests, including, without limitation, an exploitation or operations license, or the cost to obtain or renew licenses or permits may exceed what Discovery believes can be recovered from its property interests if they are put into production. Any unexpected refusals of required licenses or permits or delays or costs associated with the licensing or permitting process could prevent or delay the development or impede the operation of a mine, which could adversely impact the Corporation's operations and profitability.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or other remedial actions.

The Corporation cannot be certain that it will receive the necessary permits and licenses at all, or on acceptable terms required to conduct further exploration and to develop its properties and bring them into production. The failure to obtain such permits or licenses, or delays in obtaining such permits or licenses, could increase the Corporation's costs and delay its activities, and could adversely affect the properties, business, or operations of the Corporation.

Due to COVID-19, government offices are working on reduced schedules that could result in delays in processing applications and issuing any licenses and permits. The Corporation currently has all necessary drill permits to complete planned work in 2020, however any future applications could be adversely impacted by COVID-19.

The Corporation's Securities are Subject to Market Price Volatility

The market price of the Common Shares may be adversely affected by a variety of factors relating to Discovery's business, including fluctuations in the Corporation's operating and financial results, the results of any public announcements made by Discovery or its joint venture partners and the failure to meet analysts' expectations.

The market prices of securities of Discovery have experienced wide fluctuations which may not necessarily be related to the financial condition, operating performance, underlying asset values, or prospects of Discovery. Securities of micro-cap and small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, the price of silver and other commodities, and market perceptions of the attractiveness of particular industries. This volatility may adversely affect the market price of the Common Shares.

The price of the Corporation's public securities is also likely to be significantly affected by short-term changes in silver or other mineral prices. Other factors unrelated to the Corporation's performance that may have an effect on the price of the Common Shares include the following: (i) the extent of analytical coverage available to investors concerning the Corporation's business may be limited if investment banks with research capabilities do not follow and publish coverage of the Common Shares; (ii) lessening in trading volume and general market interest in the Corporation's securities may affect an investor's ability to trade significant numbers of Common Shares; (iii) the size of the Corporation's public float, and changes thereto, may limit the ability of some institutions to invest in the Common Shares; and (iv) a substantial decline in the price the Common Shares that persists for a significant period of time could cause the Common Shares to be delisted from the TSX Venture Exchange or from any other exchange upon which the Common Shares may trade from time to time, further reducing market liquidity.

As a result of any of these factors, the market prices of the Common Shares at any given point in time may not accurately reflect the Corporation's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Corporation may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Current Economic Conditions

There are significant uncertainties regarding the prices of silver and other precious and base metals and minerals and the availability of financing for the purposes of mineral exploration and development. A reduction in the price of silver or other metals may prevent the Corporation's properties from being economically mined or result in the write-off of assets whose value is impaired as a result of lower metal prices. The price of metals may also have a significant influence on the market price of the Common Shares. The prices of silver and other metals are affected by numerous factors beyond the Corporation's control, such as the level of inflation, fluctuation of the United States dollar and foreign currencies, global and regional demand, sale of silver by central banks, and the political and economic conditions of major silver producing countries throughout the world. As a result, the Corporation may have difficulty raising debt or equity financing for the purposes of mineral exploration and development, and, if obtained, on terms favourable to the Corporation and/or without excessively diluting present shareholders of the Corporation.

In addition, the current outbreak of COVID-19 could have an adverse impact on global economic conditions, which may adversely impact the market price of the Common Shares, the Corporation's operations, its ability to raise debt or equity financing for the purposes of mineral exploration and development, and the operations of the Corporation's suppliers, contractors, and service providers.

Government Regulation

In addition to risks outlined in "*Permitting and License Risks*" above, the mineral exploration activities (as well as the potential for eventual mining, processing, and development activities) of the Corporation are subject to extensive laws and regulations governing prospecting, exploration, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, waste disposal, water use, land claims of local people,

protection of historic and archaeological sites, mine development, protection of endangered and protected species, and other matters.

Government approvals, approval of local peoples, and permits are currently, and may in the future be required in connection with the Corporation's operations. To the extent such approvals are required and not obtained; the Corporation may be curtailed or prohibited from continuing its exploration or mining operations or from proceeding with planned exploration or development of mineral properties.

It is ultimately individuals who make interpretations and application of legislation and policy intended to benefit industry while according protections to flora, fauna, and culturally significant areas. Accordingly, there is a risk that the Corporation and its business is impacted negatively by government regulation in ways that were not previously anticipated.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Regulators in Mexico have broad authority to shut down and/or levy fines against facilities that do not comply with regulations or standards.

The Corporation's mineral exploration activities in Mexico may be adversely affected in varying degrees by changing government regulations relating to the mining industry or shifts in political conditions that increase royalties payable or the costs related to the Corporation's activities or maintaining its properties. Current and future operations may also be affected in varying degrees by government regulations with respect to restrictions on production, price controls, government-imposed royalties, claim fees, export controls, income taxes, and expropriation of property, environmental legislation, and mine safety. There is furthermore the potential impact from a lack of application of regulations, leading to delays in permitting. The effect of these factors cannot be accurately predicted. Although the Corporation's exploration and development activities are currently carried out in material compliance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development.

Furthermore, any shift in political attitudes, or amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof are beyond the control of the Corporation and could have a substantial adverse impact on the Corporation.

Foreign Operations Risk

The majority of Discovery's operations and exploration activities are conducted outside of Canada and consequently may be affected in varying degrees by political stability and government regulations relating to foreign investment, taxation, social unrest, corporate activity, pandemics such as COVID-19, and other extractive related activities.

Discovery may also acquire or invest in additional properties located in less stable jurisdictions in the future and, as such, its operations are and may increasingly be exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties vary from country to country and include, but are not limited to: terrorism; hostage taking; repression; fluctuations in currency exchange rates; government imposed currency controls; high rates of inflation; labour unrest; the risks of war or civil unrest, whether within the geographic borders or in neighbouring countries; expropriation and nationalization; renegotiation or nullification of existing concessions, licenses, permits and contracts; illegal mining; changes in taxation policies; and changing political conditions, norms and governmental regulations, including those having to do with environmental requirements.

The relevant governments have granted permits, licenses, or concessions that enable Discovery to conduct operations or exploration and development activities. Notwithstanding these arrangements, our ability to conduct operations or exploration and development activities is subject to obtaining and/or renewing permits or concessions from all levels of government, and often from different ministries of government, changes in laws or government regulations, or shifts in political attitudes beyond our control.

On December 1, 2018, a new government took office in Mexico. Management of the Corporation is closely monitoring the potential impacts the change in government is having on the mining industry, foreign investment, and the general economy in Mexico as each relates to the Corporation.

As a result of COVID-19, the global political environment is a continually changing landscape as countries implement measures to contain the spread of the virus. This has resulted in border closures and temporary suspension of non-essential services, among other measures. Should there be a continued increase in the number of identified cases and deaths, border closures and suspension of activities could be extended thereby having a material adverse impact on the Corporation's operations.

Political instability may cause changes to existing governmental regulations affecting mineral exploration and mining activities and/or may have a material adverse effect on the Corporation's properties, business and results of operations. Such changes, if any, in jurisdictions in which Discovery holds properties or assets may adversely affect its operations or potential profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on operations, income taxes, expropriation of property, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

In addition, in the event of a dispute arising from foreign operations, Discovery may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada. Discovery may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. It is not possible for Discovery to accurately predict such developments or changes in laws or policy or the extent to which any such developments or changes may have a material adverse effect on Discovery's properties, business, operations, or financial condition. The Corporation does not currently carry political risk insurance covering its investments. From time to time, management assesses the costs and benefits of obtaining and maintaining such insurance. There can be no assurance that, if obtained, political risk insurance would be available to Discovery, or that particular losses suffered with respect to the Corporation's foreign investments will be covered by any insurance that Discovery may obtain in the future. Any such losses could have an adverse impact on the Corporation's future cash flows, earnings, results of operations and financial condition.

Commodity Price Risks

The price of the Common Shares, the Corporation's financial results and exploration, and development and mining activities may in the future be significantly and adversely affected by declines in the price of silver or other minerals. The price of silver or other minerals fluctuates widely and is affected by numerous factors beyond the Corporation's control, including but not limited to the sale or purchase of commodities by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar, the Mexican peso, and other foreign currencies, global and regional supply and demand, the political and economic conditions of major mineral-producing countries throughout the world, and the cost of substitutes, inventory levels and carrying charges. Future price declines in the market value of silver or other minerals could cause continued development of and commercial production from the Corporation's properties to be impracticable. Depending on the price of silver and other minerals, cash flow from mining operations may not be sufficient and the Corporation could be forced to discontinue production and may lose its interest in, or may be forced to sell, some of its properties. Economic viability of future production from the Corporation's mining properties, if any, is dependent upon the prices of silver and other minerals being adequate to make the properties economic.

In addition to adversely affecting any resource estimates of the Corporation and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause delays or may interrupt operations until the reassessment can be completed.

Reputational Risk

Reputational risk is the potential that adverse publicity, whether true or not, will or may cause a decline in financial results, liquidity, share price, social license to operate, or shareholder base due to its impact on the Corporation's

image. Reputational risk is inherent in virtually all of the Corporation's business transactions, even when the transaction or activity is fully compliant with legal and regulatory requirements. Reputational risk cannot be managed in isolation, as it often arises as a result of operational, regulatory and other risks inherent to the business. For these reasons, Discovery's framework for reputational risk management is integrated into all other areas of risk management and is a key component of the codes of business conduct and ethics of which the Corporation's personnel are expected to observe. Discovery places a high emphasis on safeguarding the Corporation's reputation, as once compromised, it can be difficult to restore.

Additional Capital and Potential Dilution to Common Shares

Discovery's articles of incorporation allow the Corporation to issue an unlimited number of Common Shares for such consideration and on such terms and conditions as shall be established by the Board, in many cases, without the approval of the shareholders.

As at the date of this AIF, there are 257,068,666 Common Shares issued and outstanding. The increase in the number of Common Shares issued and outstanding through further issuances (including those arising from the exercise of dilutive securities) may have a depressive effect on the price of the Common Shares and will dilute the voting power of the Corporation's existing shareholders.

While as at the date of this AIF the Corporation has sufficient treasury to fund the current exploration program and budget, the further exploration and development of the Corporation's properties will require substantial additional financing. Failure to obtain sufficient financing may result in the delay or indefinite postponement of exploration, development, or production on any or all of the Corporation's properties or even a loss of property interest. In particular, if the Corporation acquires additional mineral properties which necessitate exploration expenditures, the Corporation may not have sufficient funds to finance such operations. The primary source of funding available to the Corporation consists of equity financing. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Corporation. In addition, any future financing may be dilutive to existing shareholders of the Corporation.

In addition, the Corporation has issued potentially dilutive securities in the form of incentive stock options to purchase Common Shares (the "**Options**") pursuant to Discovery's Stock Option Plan (2019). The Corporation has other long-term incentive plans pending shareholder approval on June 26, 2020 and for which no dilutive securities have been issued to the date of this AIF: Restricted Share Units ("**RSUs**") and Deferred Share Units ("**DSUs**"). See "*Prior Sales – Non-Trading Securities – Options*" in this AIF for information on numbers Options exercisable.

The Corporation has also issued potentially dilutive securities in the form of Common Share purchase warrants (each, a "**Warrant**"):

- Pursuant to a non-brokered private placement of the Corporation's securities that closed on August 17, 2017, the Corporation issued 32,908,960 Warrants. 1,244,460 of these Warrants expired unexercised on February 17, 2019. The term of the remaining 31,664,500 Warrants were extended on July 8, 2019, and each now expire on February 17, 2021.

- Pursuant to the closing of the Levon Transaction, on August 2, 2019, the Corporation issued 1,414,168 Warrants as replacement warrants to holders of share purchase warrants of Levon. All 1,414,168 of these replacement Warrants expired unexercised on February 13, 2020.

- Pursuant to a non-brokered private placement of the Corporation's securities that closed on November 4, 2019, the Corporation issued 1,063,833 Warrants as finders' fee compensation ("**Finder Warrants**") to certain finders who introduced subscribers to the private placement. Each Finder Warrant entitles the holder to acquire one Common Share at a price of C$0.50 per Common Share at any time prior to November 4, 2021. 9,000 of these Finder Warrants were exercised on June 9, 2020.

- Pursuant to a non-brokered private placement of the Corporation's securities that closed on May 29, 2020, and June 8, 2020, the Corporation issued (i) an aggregate 22,727,267 Warrants, each of which entitle the holder to purchase a Common Share for C$0.77 for two years after the date of issuance; and (ii) 804,545 Finder Warrants as compensation to certain finders who introduced subscribers to the private placement.

Each Finder Warrant entitles the holder to acquire one Common Share at a price of C$0.55 per Common Share at any time prior to May 29, 2022, or June 8, 2022.

Details relating to exercise periods and prices are disclosed in the Audited Financial Statements and the Interim Financial Statements.

The Corporation may issue additional Common Shares in future offerings (including through the sale of securities convertible into or exchangeable for Common Shares), and on the exercise of RSUs, DSUs, Warrants, and Options. The Corporation may also issue Common Shares or dilutive securities to finance future acquisitions and other projects. Discovery cannot predict the size of future issuances of Common Shares or dilutive securities, or the effect that future issuances and sales of Common Shares or dilutive securities will have on the market price of the Common Shares.

Issuances of a substantial number of additional Common Shares or dilutive securities, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Common Shares. With any additional issuance of Common Shares, investors will suffer dilution to their voting power and Discovery may experience dilution in the Corporation's earnings per Common Share.

Subsidiaries

The Corporation owns 100% interest in the Cordero Project through 100% ownership of the Corporation's indirect subsidiary, Minera Titan, S.A. de C.V. ("**Minera Titan**"). The Corporation has an option to acquire a 100% interest in the Puerto Rico Project through the Corporation's subsidiary Discovery Mexico. See "*Corporate Structure – Intercorporate Relationships*", "*Cordero Project*", and "*Puerto Rico Project*" in this AIF.

Accordingly, the Corporation is subject to the typical risks associated with contractual agreements. In addition, any limitation on the transfer of cash or other assets between the Corporation and its subsidiaries, or among such entities, could restrict the Corporation's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on the Corporation's value and stock price.

Risks Associated with a Lack of Funding to Satisfy Contractual Obligations

The Corporation may, in the future, be unable to meet its share of costs incurred under agreements to which it is a party and the Corporation may have its property interests subject to such agreements reduced as a result or even face termination of such agreements. The Corporation is required to incur expenditures on the Cordero Project totaling approximately USD$3.5 million per year.

The Corporation is also required to incur expenditures on the Puerto Rico Project once certain permits are received. The pathway for permits includes an application for a Change of Management Plan to allow mining activity in the area and subsequently, an Environmental Impact Assessment must be presented prior to the application of a Change of Land Use (*Estudio Tecnico Justificativo*) which when successful, would allow commencement of surface exploration activities.

Credit and Liquidity Risk

Credit risk arises from cash and cash equivalents held with banks and financial institutions, as well as amounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. Liquidity risk arises through the excess of financial obligations due over available financial assets at any point in time. The Corporation's objective in managing liquidity risk will be to maintain sufficient readily available cash reserves and credit in order to meet its liquidity requirements at any point in time. The total cost and planned timing of acquisitions and/or other development or construction projects is not currently determinable, and it is not currently known precisely when the Corporation will require external financing in future periods.

Discovery has no debt, and at the date of this AIF, has approximately C$42.0 million in cash and short-term deposits, primarily held with large Canadian commercial banks. The existing financial resources of the Corporation are sufficient to complete the Phase 1 Drilling program at the Cordero Project in addition to exploration work on its other properties, however they are not sufficient to bring any of its projects into commercial production. The Corporation will need to obtain additional financing from external sources in order to fund the development of its properties and/or

to engage in other strategic business opportunities. There is no assurance that the Corporation will be able to obtain such financing on favourable terms, or at all.

This risk of financial resources is further amplified by the recent COVID-19 pandemic which has had significant impact on global economies and financial markets. Should depressed market conditions continue in the medium to long-term, it may be more difficult for the Corporation to obtain required financing to complete its long-term objectives. Failure to obtain financing could result in delay or indefinite postponement of further exploration and development of the Corporation's properties.

History of Net Losses and Negative Operating Cash Flow

The Corporation generates no operating revenue from the exploration activities on its property interests and has negative cash flow from operating activities. Therefore, it is subject to many risks common to comparable companies, including under-capitalization, cash shortages and limitations with respect to personnel, financial, and other resources, as well as a lack of revenues. The Corporation anticipates that it will continue to have negative cash flow until such time that commercial production is achieved at a particular project. The Corporation has no sources of revenue and has significant cash requirements to meet its exploration commitments, administrative overhead, and maintain its mineral interests. The Corporation expects to continue to incur losses unless or until one or more of its properties enters into commercial production and generates sufficient revenue to fund continuing operations. The Corporation will need to raise sufficient funds in order to finance ongoing exploration, advance its projects, if warranted, to the pre-feasibility and feasibility stages, provide for capital costs of building mining facilities, and to provide for ongoing general and administrative expenses. There can be no assurance that current exploration programs will result in the discovery of commercial deposits or, ultimately, in profitable mining operations.

Reliance on a Limited Number of Properties

Although the Corporation continues to hold other properties, the Material Properties of the Corporation are its 100% interest in the Cordero Project and the Puerto Rico Option Agreements. As a result, unless (i) the Corporation acquires additional property interests, or (ii) another project, any adverse developments affecting any one of these properties could have a material adverse effect upon the Corporation and would materially and adversely affect the potential mineral resource production, profitability, financial performance and results of operations of the Corporation. While the Corporation may seek to acquire additional mineral properties that are consistent with its business objectives, or may at a future date designate any or all of its other interests in mineral properties as a Material Property, there can be no assurance that the Corporation will be able to identify suitable additional mineral properties or, if it does identify suitable properties, that it will have sufficient financial resources to acquire such properties or that such properties will be available on terms acceptable to the Corporation or at all.

Land Title

The acquisition of the right to explore and/or exploit mineral properties is a detailed and time-consuming process. Although the Corporation is satisfied it has taken reasonable measures to acquire unencumbered rights to explore its mineral property interests in Mexico, no assurance can be given that such claims are not subject to prior unregistered agreements or interests or to undetected or other claims or interests which could be material or adverse to the Corporation.

The Corporation's mineral properties at the Cordero Project in Mexico are primarily 26 contiguous mining claims that cover the entire mining district and total 34,908.7 hectares. The mineral rights at the Cordero Project have been secured by staking contiguous lode claims (concesiones mineras) and purchasing inlying claim parcels. The claims are 100% owned by Minera Titan, a wholly-owned indirect subsidiary of Discovery. See "*Corporate Structure – Intercorporate Relationships*" in this AIF.

The claims are 100% owned by Discovery Mexico, a wholly-owned direct subsidiary of Discovery. See "*Corporate Structure – Intercorporate Relationships*" in this AIF.

Uncertainties also arise as related to such things as sufficiency of mineral discovery, proper posting and marking of boundaries and possible conflicts with other claims not determinable from descriptions of record. Since a substantial portion of all mineral exploration, development and mining in the United States now occurs on unpatented mining claims, this uncertainty is inherent in the mining industry.

The present status of the majority of the Corporation's unpatented mining claims located on public lands provides the Corporation with the exclusive right to mine and remove valuable minerals, such as precious and base metals. The Corporation is also allowed to use the surface of the land solely for purposes related to exploration, mining, and processing the mineral-bearing ores.

The Corporation may need to enter into negotiations with landowners and other groups in the local communities in Chihuahua and Coahuila in order to conduct future exploration and development work on the Cordero Project and Puerto Rico Project, respectively. There is no assurance that future discussions and negotiations will result in agreements with landowners and other local community groups in Mexico or if such agreements will be on terms acceptable to the Corporation so that the Corporation can continue to conduct exploration and development work on these properties.

Insurance and Uninsured Risks

The Corporation's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment, natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Corporation's properties or the properties of others, delays in the ability to undertake exploration, monetary losses and possible legal liability.

Although the Corporation maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance will not cover all the potential risks associated with a mining company's operations. The Corporation does not carry political risk insurance. The Corporation may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Corporation or to other companies in the mining industry on acceptable terms. The Corporation might also become subject to liability for pollution or other hazards which it may not be insured against or which the Corporation may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Corporation to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Water Sources

Community water sources exist in the same regions as the Corporation's property interests in Mexico. The Corporation will have to ensure that exploration activities do not impact community water sources. In Mexico access to and availability of water near the Corporation's mineral property interests, including the Cordero Project and the Puerto Rico Project, is often based on demonstrable need and use, and may require entering into lease or consumption agreements that may be very costly to the Corporation. Future operations may require that alternate water sources be provided to potentially affected communities.

Infrastructure

Mining, processing, development, and exploration activities depend on the availability of adequate infrastructure. Reliable roads, bridges, power sources, fuel and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Corporation's operations, financial condition, and results of operations.

Costs of Land Reclamation

It is difficult to determine the exact amounts which will be required to complete all land reclamation activities in connection with the Corporation's properties. Reclamation bonds and other forms of financial assurance represent only a portion of the total amount of money that will be spent on reclamation activities over the life of a mine. Accordingly, it may be necessary to revise planned expenditures and operating plans in order to fund reclamation activities. Such costs may have a material adverse impact upon the business, financial condition, and results of operations of the Corporation.

Limited Operating History

The Puerto Rico Transaction's closing on August 17, 2017, marked the start of Discovery's current business. As the Corporation is only in its third year of relevant operation, it has limited history of operations and no earnings. As such, the Corporation is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources, and lack of revenues. There is no assurance that the Corporation will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

Environmental Risks and Hazards

The Corporation currently has no known financial obligations relating to environmental protection. However, all phases of the Corporation's operations are subject to environmental regulation (including EIAs and permitting) in the jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation and international standards are evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation and standards, if any, will not adversely affect the Corporation's business, condition or operations. Environmental hazards may exist on the properties on which the Corporation holds interests which are unknown to the Corporation at present and which have been caused by previous or existing owners or operators of the properties.

Discovery cannot give any assurances that breaches of environmental laws (whether inadvertent or not) or environmental pollution will not materially and adversely affect its financial condition. There is no assurance that any future changes to environmental regulation, if any, will not adversely affect Discovery.

Competitive Conditions

The mineral exploration and mining business is competitive in all phases of exploration, development, and production. The Corporation competes with a number of other entities in the search for and the acquisition of potentially productive mineral properties. In particular, there is a high degree of competition faced by the Corporation for desirable mining property interests, suitable prospects for drilling operations and necessary mining equipment, and many of these companies have greater financial resources, operational experience and/or more advanced properties than the Corporation. As a result of this competition, the majority of which is with companies with greater financial resources than the Corporation, the Corporation may be unable to acquire attractive properties in the future on terms it considers acceptable. The Corporation also competes with other resource companies, many of whom have greater financial resources and/or more advanced properties, in attracting equity and other capital necessary for the Corporation to advance the exploration and development of its mineral properties.

The ability of the Corporation to acquire additional properties depends on, among other things, its available working capital, its ability to explore and develop its existing properties, its ability to attract and retain highly-skilled employees, and on its ability to select, acquire and bring to production suitable properties or prospects for mineral exploration and development. Factors beyond the control of the Corporation may affect the marketability of minerals mined or discovered by the Corporation. Mineral prices have historically been subject to fluctuations and are affected by numerous factors beyond the control of the Corporation.

Specialized Skill and Knowledge

Various aspects of the Corporation's business require specialized skills and knowledge. Such skills and knowledge include the areas of permitting, geology, drilling, metallurgy, logistical planning, and implementation of exploration programs, as well as finance and accounting. The Corporation has found that it can locate and retain such employees and consultants and believes it will continue to be able to do so; however, no assurances can be made in that regard.

Acquisitions and Integration

From time to time, it can be expected that the Corporation will examine opportunities to acquire additional exploration and/or mining assets and businesses. Any acquisition that the Corporation may choose to complete may be of a

significant size, may change the scale of the Corporation's business and operations, and may expose the Corporation to new geographic, political, operating, financial, and geological risks. The Corporation's success in its acquisition activities depends upon its ability to identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition, and integrate the acquired operations successfully with those of the Corporation. Any acquisitions would be accompanied by risks. If the Corporation chooses to raise debt capital to finance any such acquisitions, the Corporation's leverage will be increased. If the Corporation chooses to use equity as consideration for such acquisitions, existing shareholders may suffer dilution. Alternatively, the Corporation may choose to finance any such acquisitions with its existing resources. There can be no assurance that the Corporation would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

Future Sales of Common Shares by Existing Shareholders

Sales of a large number of Common Shares in the public markets, or the potential for such sales, could decrease the trading price of the Common Shares and could impair the Corporation's ability to raise capital through future sales of Common Shares.

Major Shareholder with Greater than 10% Holding

As at the date of this AIF, 2176423 Ontario and Merian Gold and Silver Fund (a sub-fund of Merian Global Investors Series plc) ("**Merian**") each own in excess of 10% of the Common Shares. 2176423 Ontario directly holds approximately 24.43% of the issued and outstanding Common Shares and Merian owns approximately 13.31% of the issued and outstanding Common Shares. 2176423 Ontario and Merian are the Corporation's two largest shareholders. As a result, 2176423 Ontario and Merian may have the ability to influence the outcome of matters submitted to the Discovery shareholders for approval, which could include the election and removal of directors, amendments to Discovery's corporate governance documents, and business combinations. Discovery's interests and those of 2176423 Ontario and Merian may at times conflict, and this conflict might be resolved against Discovery's interests. The concentration of 37.74% of Discovery's issued and outstanding shares in the hands of two shareholders may discourage an unsolicited bid for the Common Shares, and this may adversely impact the value and trading price of the Common Shares. 2176423 Ontario's and Merian's participation in, or failure to participate in any issuance of additional securities of Discovery may have a material impact on the value and trading price of the Common Shares.

Influence of Third-Party Stakeholders

Some of the lands in which Discovery holds an interest, or the exploration equipment and roads or other means of access which Discovery intends to utilize in carrying out its work programs or general business mandates, may be subject to interests or claims by third party individuals, groups, or companies. If such third parties assert any claims, Discovery's work programs may be delayed, even if such claims are without merit. Such delays may result in significant financial loss and loss of opportunity for Discovery.

Risk of Litigation

Discovery may become involved in disputes with third parties in the future that may result in litigation. The results of litigation cannot be predicted with certainty and defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. If Discovery is unable to resolve these disputes favourably or if the cost of the resolution is substantial, such events may materially and adversely affect its business and financial conditions.

Conflicts of Interest

Certain of the directors and officers of the Corporation also serve as directors and/or officers of Oxygen, a company from whom the Corporation receives management and technical services, as well as other companies involved in natural resource exploration and development and consequently, there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers involving the Corporation should be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Corporation and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the BCBCA and other applicable laws.

Jesus Miguel Hernandez-Garza is a director of the Corporation and, as disclosed in a news release of the Corporation dated August 17, 2017, is one of the Vendors under the Puerto Rico Option Agreements. See "*General Description of the Business – Three Year History – 2017 Developments*" and "*Puerto Rico Project*" in this AIF.

Key Executives

The Corporation is dependent on the services and technical expertise of several key executives, including the directors of the Corporation and a small number of highly skilled and experienced executives and personnel. Due to the relatively small size of the Corporation, the loss of any of these individuals may adversely affect the Corporation's ability to attract and retain additional highly skilled employees and may impact its business and future operations.

This risk of is further increased by the recent COVID-19 pandemic which has impacted health and safety measures and therefore accessibility to key personnel who are no longer working under normal conditions as a result of social-distancing measures and the temporary closure of non-essential services implemented by both Canadian and Mexican governments. This risk is partially mitigated by the availability of additional communication tools implemented by the Corporation. Although the Corporation has no identified cases of COVID-19 at sites or at its corporate office, should any key personnel contract the virus, the loss, temporary or otherwise, could have a material adverse effect on the Corporation's operations.

Health and Safety

The Corporation faces risks related to health epidemics and other outbreaks of communicable diseases, which could significantly disrupt its operations and may materially and adversely affect its business and financial conditions.

The Corporation's business could be adversely impacted by the effects of the recent COVID-19 outbreak or other epidemics. The extent to which COVID-19 impacts the Corporation's business, including its operations and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken by each country's respective government to contain or treat the coronavirus outbreak. In particular, the continued spread of the coronavirus globally could materially and adversely impact the Corporation's operating activities including but not limited to: employee health, workforce productivity, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, restrictions to its drill program and/or the timing to process drill and other metallurgical testing, and other factors that will depend on future developments beyond the Corporation's control, which may have a material and adverse effect on the its business, financial condition, and results of operations.

There can be no assurance that the Corporation's personnel will not be impacted by these pandemic diseases and ultimately see its workforce productivity reduced or incur increased medical costs / insurance premiums as a result of these health risks.

In addition, a significant outbreak of coronavirus could result in a widespread global health crisis that could adversely affect global economies and financial markets resulting in an economic downturn that could have an adverse effect on the demand for precious metals and the Corporation's future prospects.

Internal Controls

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation. Although Discovery has a limited history of operations, the Corporation has undertaken to put into place a system of internal controls appropriate for its size, and reflective of its level of operations.

Currency Rate Risks

The Corporation's functional currency is the Canadian dollar. At the date of this AIF, cash balances were held primarily in Canadian dollars. Foreign currency risk is the risk that the value of the Corporation's financial instruments denominated in foreign currencies will fluctuate due to changes in foreign exchange rates. Changes in the exchange rate between foreign currencies and the Canadian Dollar could have a significant impact on the Corporation's financial

position, results of operations, and cash flows. The Corporation does not use derivative instruments to reduce its exposure to foreign currency risk.

The Corporation is mainly exposed to foreign currency risk on financial instruments (consisting of trade payables) denominated in US Dollars and Mexican Pesos.

There have been significant fluctuations in currency valuations during the period subsequent to December 31, 2019, as a result of the COVID-19 pandemic. There is no certainty that currency valuations will return to pre-pandemic levels and as such could have a material adverse impact on the Corporation's operations.

Cybersecurity Risks

As the Corporation continues to increase its dependence on information technologies to conduct its operations, the risks associated with cyber security also increase. The Corporation relies on management information systems and computer control systems. Business and supply chain disruptions, plant and utility outages and information technology system and network disruptions due to cyber-attacks could seriously harm its operations and materially adversely affect its operation results, Cybersecurity risks include attacks on information technology and infrastructure by hackers, damage or loss of information due to viruses, the unintended disclosure of confidential information, the issue or loss of control over computer control systems, and breaches due to employee error. The Corporation's exposure to cyber security risks includes exposure through third parties on whose systems it places significant reliance for the conduct of its business. The Corporation has implemented security procedures and measures in order to protect its systems and information from being vulnerable to cyber-attacks. The Corporation believes these measures and procedures are appropriate. To date, it has not experienced any material impact from cyber security events. However, it may not have the resources or technical sophistication to anticipate, prevent, or recover from rapidly evolving types of cyber-attacks. Compromises to its information and control systems could have severe financial and other business implications.

Canada's *Extractive Sector Transparency Measures Act*

The Canadian *Extractive Sector Transparency Measures Act* ("**ESTMA**"), which became effective June 1, 2015, requires public disclosure of payments to governments by mining and oil and gas companies engaged in the commercial development of oil, gas and minerals who are either publicly listed in Canada or with business or assets in Canada. Mandatory annual reporting is required for extractive companies with respect to payments made to foreign and domestic governments at all levels, including entities established by two or more governments, including Indigenous groups. ESTMA requires reporting on the payments of any taxes, royalties, fees, production entitlements, bonuses, dividends, infrastructure improvement payments, and any other prescribed payment over $100,000. Failure to report, false reporting or structuring payments to avoid reporting may result in fines of up to $250,000 (which may be concurrent). Discovery commenced ESTMA reporting in 2018. If Discovery becomes subject to an enforcement action or in violation of ESTMA, this may result in significant penalties, fines and/or sanctions imposed on us resulting in a material adverse effect on our reputation.

Dividend Policy

No dividends on the Common Shares have been paid by the Corporation to date. Payment of any future dividends will be at the discretion of the Board after taking into account many factors, including the Corporation's operating results, financial condition and current and anticipated cash needs. At this time, the Corporation has no source of cash flow and anticipates using all available cash resources towards its stated business objectives and retaining all earnings, if any, to finance its business operations.

CORDERO PROJECT

The most recent NI 43-101 technical report on the Cordero Project is the "*Cordero Project NI 43-101 Technical Report: Preliminary Economic Assessment Update, Chihuahua, Mexico*", effective March 1, 2018, and dated April 18, 2018, authored by Independent Qualified Persons Daniel H. Neff, Thomas L. Drielick, Richard K. Zimmerman QP of M3 Engineering & Technology Corporation, and Herbert E. Welhener, of Independent Mining Consultants Inc., and prepared in accordance with NI 43-101 (the "**Cordero Project Technical Report**"). The Cordero Project Technical Report was filed with Canadian securities regulatory authorities on Levon's issuer profile on SEDAR at www.sedar.com. The Cordero Project Technical Report is addressed to Levon and was prepared for Levon prior to the Levon Transaction.

The information contained in this summary has been derived from the Cordero Project Technical Report, is subject to certain assumptions, qualifications, and procedures described in the Cordero Project Technical Report, and is qualified in its entirety by the full text of the Cordero Project Technical Report. Reference should be made to the full text of the Cordero Project Technical Report.

Project Description, Location, and Access

Location and Access to the Property

The Cordero Project is located in the State of Chihuahua in north central Mexico approximately 180 km south of the city of Chihuahua and approximately 35 km northeast of the mining town of Hidalgo del Parral.

Interest in the Property

The Cordero Project consists of 26 contiguous mining claims that cover the entire mining district and total 34,908.7 hectares. The mineral rights have been secured by staking contiguous lode claims (*concesiones mineras*) and purchasing inlying claim parcels. The claims are 100% owned by Minera Titan, a wholly-owned indirect subsidiary company of Discovery, acquired in the Levon Transaction.

The property is centered on latitude 27 degrees, 17.828 minutes N, longitude -105 degrees, 36.367 minutes W.

The project standard data projection is UTM NAD 27, US Zone 13 in metres.

The claims are maintained through annual work commitments, filed assessment reports, and annual mining taxes paid to the Mexican government. All work commitments and taxes have been paid through the first half of 2020 with taxes due again at the end of 2020. All claims are currently valid.

The "San Pedro" Mining Concession is subject to a 2% royalty on net smelter return ("**NSR**") once the commercial production starts. "Unificacion Cordero", "Argentina", "Cata de plateros", "Sergio", "El Santo Job", and "Todos Santos" concessions are subject to a 2% (NSR) royalty. Minera Titan has the rights to acquire 1% of the royalty paying USD$500,000 to Jandrina. "Josefina", "Berta", "Unidad Dos", and "Unidad" concessions are subject to a 1% (NSR) royalty. Minera Titan has the first right of refusal to acquire the royalty.

Surface Rights

Surface exploration rights for Cordero claims are maintained by three separate signed and transferrable agreements between Minera Titan, two private ranches, and the Rancho Cordero Ejido ("**Ejido**"). The two agreements with private ranchers cover the central portion of the claims and the 2018 resource area. The Rascon agreements also cover the site of the Minera Titan field office and drill core storage buildings. The Ejido agreement covers ground two kilometres southwest and west of the resource.

Significant Factors and Risks

Environmental Liabilities

The Cordero Project is not located within a natural protected area decreed by the federal, state or municipal government. The nearest natural protected area is located just over 165 southeast of the project, called the Mapimí Biosphere Reserve.

Minera Titan is responsible for disturbance created by its exploration activities and is regulated through exploration permits issued for activities at site.

There are no known environmental liabilities associated with the Cordero Project. All required permits to conduct exploration and drilling are up to date.

The project is located within the Priority Hydrological Region No. 39 called “Cuenca Alta del Rio Conchos”. This region has a history of challenges derived from the modification of the environment: deforestation, dewatering and overexploitation of groundwater mantles, pollution of the basin soils by agrochemicals, solid waste, urban and industrial wastewater. CONAGUA, the government entity that regulates water use, in January 2018 published a statement in the Mexican Gazette that stated that the water in this area is compromised and the availability to grant new water concessions is low.

Environmental Permitting

All permits required for exploration work, including drilling are in place and up to date. The activities are managed under the NOM 120-SEMARNAT-2011 regulations as outlined by the ministry of mines.

The drill permit in place at the Cordero Project is an “exclusion” for requirement of EIA authorization from SEMARNAT and is in compliance with NOM 120-SEMARNAT-2011 as per federal rules. Some activities such as direct mining exploration that have potential environmental impact and are carried out in areas with dry and temperate climates where the vegetation of xerophilic scrub, deciduous tropical forest, and coniferous or oak forests share similar characteristics, and where activities cause little significant impact on the environment and social environment, can be regulated by the Mexican Official Standard (NOM 120-SEMARNAT-2011). The exploration activities need to be carried out in strict adherence to various environmental protection requirements, specifications and procedures which are set out in the Mexican Official Standard.

History

Exploration History

Historical mining workings and prospects at the Cordero Project date back to the 17th century and include shallow vertical shafts, open stopes and prospect pits. Mining was mostly on narrow, high grade silver, zinc, lead, gold veins and some high- grade skarn mineralization that was active mostly in the 1940’s and 50’s and recently to 2013 when Minera Titan consolidated claim ownership in the district and artisan miners stopped work and left the property. There are about 40 shallow, vertical shafts and associated open stopes at the Cordero Project. Recent production has been from direct shipping, hand-sorted ore, shipped and processed in the community mills in Parral. The La luz mine is the largest mine and was active in the 1940’s. Remnants of a small six-cell floatation mill built by ASARCO remain at La Luz mine, but no tailings exist, which indicates limited mill use before the mine closed reportedly due to high water volumes.

The district has a reputation for abundant underground water and pumping efforts are evident at La Luz, La Ceniza and Josefina mines. High water volumes and quick recharge according to local miners prevented any deep development in the district. The local miners report that most of the shafts penetrate to the water table at depths of 50-80 metres.

There are no reliable historical production mining records known.

Prior to the present Levon exploration program for bulk tonnage silver, zinc, lead, gold deposits, modern exploration focused on:

- Narrow, high grade underground vein and intrusive contact deposits within the Cordero Dome and La Ceniza Stock.
- Bulk tonnage porphyry copper and molybdenum potential within and near the Sanson Stock at the northeast end of the Cordero Belt and
- Gold skarn and porphyry Au deposits the Porfido Norte Belt by Peñoles in 2000.

Documentation of the exploration described above has not been found except for one Peñoles report on some of their porphyry gold exploration in the Porfido Norte Belt. All historical drill hole collars have been found and marked.

The following summary relies on local miner reports and piecing together some past drill core and hole locations that have been found at the property.

Coro Minera Exploration Activities

Eng. Francisco Armenta and Juan Manuel Viveros, exploring in Mexico for Coro Minera, a wholly owned subsidiary of Valley High Ventures, Ltd. ("**VHV**") first recognized, the possible silver and porphyry related bulk tonnage potential of the Cordero mineralized area in 2005-2006. This was based on a property examination which followed up on a description of the mineralization in the district from industry contacts. It took a year to negotiate agreements with claim owners and surface rights agreements over the main part of the historical district. At about the same time the agreements were concluded, the surrounding land came open to staking, and it was staked by Coro Minera.

From 2006 to 2008, Coro Minera completed geologic mapping, rock sampling, a soils grid and a series of five trenches centered over the Sanson Stock, La Ceniza Stock, and the Cordero Dome. Coro Minera compiled the available project data and located some of the existing drillhole collars in the field. They also found and cataloged historical drill core stored in various adobe mine buildings around the property. The salvaged core was scientifically re-boxed, preserving the core run block as possible and remarking the new boxes to match the original boxes when possible. The historical core was re-logged and it was discovered that much of the core was not split, even though it was mineralized with megascopic sphalerite and galena, veins, crackle breccias, including polymictic breccias and disseminations. Logging also revealed there were large gaps of missing core in many of the salvaged core holes.

Coro Minera split and sampled the remaining historical core and documented several wide bulk tonnage intercepts of silver, zinc, lead and gold mineralization, which they interpreted as evidence of bulk tonnage deposit potential. Geologic tours by VHV management of some of the rare cross cuts among veins in the accessible underground mine workings lead to the impression that no mineralization was present in wall rocks adjacent to the veins (Juan Manuel Veveos, personal communication to Vic Chevillon, February 2009).

By 2009, VHV dropped about 50% of the staked mining claims and later decided to seek a joint venture partner for the property to carry on exploration. VHV submitted a brief property summary to Levon in early January 2009. Levon negotiated the framework of a joint venture agreement on the basis of the report and conducted a two-day field visit January 16 and 17, 2009.

Levon Early Exploration Activities

On January 16, 2009, Levon visited the property and recognized potential porphyry controls on outcropping silver, zinc, lead and gold mineralization, in the historical core and on several of the historical mine dumps. The main part of the district appeared to be hosted by a felsic volcanic dome with at least one poorly exposed mineralized stock to the northeast in the area now named the Sanson Stock. The existence of a possible porphyry belt was projected, based on the field visit, the Coro Minera geologic map and distribution of historical mine workings.

On January 17, 2009, Levon recognized diatreme breccia in isolated outcrops in an arroyo near a water well where reports of visible silver minerals by a local miner who had deepened a well by hand to reach water. Fine grained galena and sparse galena veins are exposed in the water well spoils pile. Outcrops in an arroyo within 10 metres of the water well expose breccias that are cut by limonite stained, rusty weathering carbonate, and quartz veinlets with traces of malachite, sphalerite and galena. The breccias exhibit diagnostic diatreme breccia textures and appear mineralized. The breccias contain polymictic clasts (rhyolite, dacite, limestone, limey mudstone), which are poorly sorted and set in a similar matrix material that grades to rock flour sized particles. The outcrops (cover photo) had not been visited, mapped nor sampled by Coro Minera or prospected by historical pits in the past. Diatreme breccias are key mineralized host rocks types that host the Peñasquito discovery outcrops (Tom Patton, Personal Communication, March 2002). The geology of the mineralized Cordero diatreme outcrops in the projected porphyry belt recognized the previous day lead to the recommendation for Levon to pursue a Joint Venture ("**JV**") to explore and develop the property.

Levon and VHV completed the JV negotiation and signed a letter of agreement. Levon returned to the property by February 4, 2009 and began JV fieldwork. From February 4, 2009 on, Levon was the project operator under the JV,

controlling how all exploration and JV expenditures (by a verbal understanding with VHV as the definitive JV agreement was drafted).

Large scale, early reconnaissance mapping led to re-staking all available land and the property position doubled in August 2009 to about 20,000 hectares. The staking was guided by geologic mapping, which identified two large scale belts of mineralized porphyry showings: Porfido Norte Belt and the Cordero Porphyry Belt.

Levon focused early detailed exploration in the Cordero Porphyry Belt due to the abundance of exposed mineralization, prospects and historical mines within several mineralized stocks, volcanic domes and diatremes. The exploration program included detailed geologic mapping, additional soils and rock chip sampling, an initial 3D induced polarization (IP) survey and Phase 1 core drilling.

Phase 1 drilling started in July, 2009 and included eight holes (19,680 m in core holes C09-1 through C09-8). Holes C09-3, C09-5, C09-8 intersected significant assay grades of mineralized rocks and widths of bulk tonnage silver, zinc, lead and gold mineralization (Levon News Release of November 3, 2009) in two of the Cenozoic intrusive centers within the Cordero Porphyry Belt. Hole C09-5 was the discovery hole (on September 25, 2009) in the Pozo de Plata Diatreme and is located 500 metres northeast of the outcrops where the diatreme was first recognized on January 17, 2009. Hole C09-8 intersected definitive porphyry-style, disseminated and stockwork vein mineralization 1.3 km northeast of C09-5 in an eastern part of the Cordero Felsic Dome complex.

Levon compiled the discovery hole and geologic mapping information of Phase 1 exploration and went to the public stock market and raised funds for Phase 2 exploration (Levon News Releases of August 17 and 30, 2010). A second core drill was mobilized to the Cordero Project. Geologic mapping, geochemical sampling and geophysical surveys to better define targets accelerated during the fund raising.

Once the porphyry geologic controls on mineralization were demonstrated by Phase 1 results, a battery of applicable geophysical surveys used in porphyry exploration worldwide were run at Cordero to define any additional targets proximal to the discovery holes and in outlying areas on the property (detailed in the geology, geochemistry and geophysics sections of this report).

From the 2009 Phase 1 discovery drilling, Phase 2 offset grid drilling around the discovery holes began in 2010 and continued with a third drill mobilized to the Cordero Project.

The third drill started to test the four outlying exploration targets defined by mapping, sampling and geophysics in 2010 and 2011. Though mineralized rocks were intersected in each of the outlying targets, exploration priorities were to expand the discovery hole offset grid since all holes on the drill grid were intersecting well mineralized rocks.

Phase 2 exploration and offset grid drilling (19,122.7 m of core drilling in 52 holes, C010-09 through C10-60) was designed to:

- Step out grid drilling (50 m centers) to try and offset mineralized rocks in hole C09-5 within the diatreme breccia.
- Wider spaced step out drilling (100-200 m) around holes C09-3 and C09-8 which were projected to be more homogeneous porphyry-style mineralization settings.
- Exploration drilling near the discovery holes in the Cordero Porphyry Belt.
- Target definition with expanded geophysical surveys to cover the entire Cordero Porphyry Belt which had been mapped and defined for exploration by the end of Phase 1.
- Initially drill test the Dos Mil Diez Diatreme target discovered by geologic traverses of red color anomalies within circular satellite image anomalies in January 2010 southwest of the Pozo de Plata Diatreme.
- Continued detailed geologic mapping, rock sampling grid soils sampling and geophysical surveys in outlying areas away from the center of the Cordero Porphyry Belt to identify and prioritize any outlying drill targets for initial testing, covering the Porfido Norte Belt and the Perla Felsic Dome, Diatreme complex.

Phase 2 offset grid drilling results were favorable and required additional offset grid drilling. Four outlying targets were defined for initial drill testing and funds for Phase 3 were raised on the public stock market as drilling accelerated and five core drills were working 24 hours per day, 7 days per week.

In early 2010 Levon also met with Independent Mining Consultants ("**IMC**") and M3 Engineering & Technology Corporation ("**M3**") in Tucson, Arizona on the recommendations of Dr. Tom Patton who had led the Peñasquito discovery in similar rocks and had contracted these companies to address the engineering of his project. IMC and M3 agreed that a first resource estimate was warranted to summarize Phase 2 and early Phase 3 drilling results, as drilling continued. IMC was contracted to model and calculate the first Cordero Project, NI 43-101, which was published in 2011.

Levon met its JV vesting expenditure requirements and then bought out the JV partner to acquire 100% ownership of the project by March 2011 (Levon News Release of March 25, 2011).

Phase 3 core drilling (58,990.2 m in 122 holes C10-61 through C11-182) continued the offset grid drilling with 5 core drills at the Cordero Project. Drilling in the 2011 resource area continued and two drills were moved to explore outlying targets, well away from the resource.

Additional resource offset drilling was required from Phase 3 results and Phase 4 exploration funding was raised on the open market (Levon News Release of May 19, 2011) as the resource offset drilling continued.

Phase 4 drilling (52,664.6 m in 110 holes, C11-183 to C17-292) was in progress as a 2012 NI 43-101 Resource Update and Preliminary Economic Assessment (PEA) was prepared by IMC and M3 and revised in 2013. The 2013 PEA updated the global resource and considered only the uppermost 30% or the resource for development since at the time Minera Titan did not control the 15.9-hectare Aida Claim that is in the center of the resource. The modeled resource open pit and the PEA open pits could not trespass on the Aida Claim, which included no resource material due to the lack of work and agreement access on the Aida Claim.

In July 2013, after 7 years of negotiations, Levon successfully bought the Aida Claim outright for cash with no underlying royalties (Levon News Release of July 10, 2013). Minera Titan also completed grid and exploration drilling on the Aida Claim starting in late 2013 and finishing in early 2014 (14,189.6 m in 24 core holes) with better than projected results (Levon News Release of April 30, 2014). The drilling results were incorporated into a 2014 Cordero NI 43-101 Resource Update prepared by IMC.

Also in 2013, Minera Titan exercised the option to purchase agreements on two parcels of claims that cover the resource. The claim owners ceased their artisan mining operations and left the property as prescribed in the agreements.

In early 2014, the Mexico Federal Government opened lands to mineral claim staking from a Federal natural gas claim that completely surrounded Cordero mineral claims. Minera Titan staked four mining claims and all available lands to cover the strike extensions of mineralized porphyry belts on the property, which doubled the size of the total mineral claim holdings to the current 34,908.7 hectares.

Based on in-house engineering studies by IMC beginning in October 2016, Levon designed a 2017 resource infill drilling program to test a geologic projection that closer spaced, resource infill drilling could improve the grade of the resource in the area drilled. The 2017 resource infill drilling (7,091 m in 18 core holes) was completed by August 2017 (Levon News Release of September 26, 2017).

Levon drilling at the Cordero Project to date totals 133,620 m in 292 core holes from 2009 through 2017.

Historical Resource and Reserve Estimates

Numerous technical reports have been written for the Cordero Project that have outlined resource estimations. No reserve estimates have been made for the Cordero Project. Authors are Bailey Geological Consultants (Canada) Ltd., Independent Mining Consultants Inc. ("**IMC**"), and M3 Engineering & Technology Corporation ("**M3**"). The Cordero Project reports are as follows:

1. "*Technical Report, Cordero Project, Chihuahua State, Mexico*" prepared for Valley High Ventures Ltd. and Levon Resources Ltd. by David G. Bailey, Ph.D., P.Geo. of Bailey Geological Consultants (Canada) Ltd., February 9, 2011.

No resources stated, geological setting and mineral potential discussed.

2. "*Cordero Project Mineral Resource, Chihuahua, Mexico, Technical Report*" prepared by IMC, of Tucson, Arizona, July 2011, current as of August 10, 2011.

The Cordero Project mineral resource estimate developed by IMC for Levon is based on 160 drill holes completed through June 1, 2011. Drilling is ongoing on the property to evaluate extensions to the deposits and add infill drilling. The mineral resource presented here is for the currently defined Pozo de Plata Diatreme ("**Pozo**") and the adjacent porphyry zone to the east and north of Pozo (both within the Cordero Porphyry Belt). The ongoing drilling indicates that other deposits in the district could be developed to have a mineral resource associated with them, but currently it is too premature to consider developing a mineral resource for them.

The mineral resource for Pozo and the porphyry zone is tabulated within an open pit geometry using an ordinary kriged resource block model. The mineral resource contains 521.6 million tonnes ("**MT**") containing 310.9 million ounces ("**Moz**") silver, 0.908 Moz gold, 5.3 billion pounds ("**Blbs**") zinc and 2.9 Blbs lead based on a USD $6.00/tonnes ("**T**") NSR cutoff.

The mineral resource is based on 64,771 m of drilling in 160 core holes of which 64,694 m have been assayed in predominately 2 m lengths. The assay intervals are composited into 10m bench height lengths for silver, gold, zinc and lead, which are estimated into a block model by ordinary kriging. An NSR value is calculated for each model block based on the metal grades and estimates of process recovery, concentrate terms and the metal prices of $25.00/oz silver, $1.00/lb for both zinc and lead. Gold was not included at this time into the NSR value as the average grade is potentially too low for payment by the smelters of the zinc or lead concentrates. It needs to be noted that there are areas within the deposits which have higher gold grades for which payment could be received. This needs to be evaluated in further detail as the project moves forward. The mineral resource is summarized on Table 2 below at the $6.00/t NSR cutoff and higher cutoffs to show the distribution of the mineral resource within the deposits.

Table 2: Cordero Mineral Resources

NSR Cutoff, $/t	Resource Class	Pozo de Plata Area (Includes Josefina) Million Tonnes	Ag, g/t	Au, g/t	Pb, %	Zn, %	Porphyry Zone Million Tonnes	Ag, g/t	Au, g/t	Pb, %	Zn, %	Combined Areas Million Tonnes	Ag, g/t	Au, g/t	Pb, %	Zn, %
$6.00	**Indicated**	**293.23**	**20.04**	**0.073**	**0.26**	**0.44**	**228.33**	**16.61**	**0.030**	**0.24**	**0.49**	**521.56**	**18.54**	**0.054**	**0.25**	**0.46**
	Inferred	**32.44**	**19.54**	**0.048**	**0.27**	**0.56**	**168.41**	**22.07**	**0.033**	**0.27**	**0.47**	**200.85**	**21.66**	**0.035**	**0.27**	**0.49**
$10.00	Indicated	188.89	25.59	0.089	0.33	0.54	126.21	22.13	0.034	0.33	0.64	315.11	24.20	0.067	0.33	0.58
	Inferred	21.91	24.17	0.055	0.35	0.70	168.41	22.07	0.033	0.27	0.47	190.32	22.31	0.036	0.28	0.50
$15.00	Indicated	107.99	32.98	0.112	0.43	0.66	62.73	29.44	0.038	0.45	0.83	170.72	31.68	0.085	0.44	0.72
	Inferred	12.90	30.54	0.060	0.45	0.88	52.59	44.81	0.041	0.52	0.83	65.48	42.00	0.045	0.51	0.84
$20.00	Indicated	65.51	39.75	0.135	0.52	0.76	34.63	36.73	0.042	0.56	1.00	100.14	38.71	0.103	0.53	0.84
	Inferred	6.60	39.66	0.066	0.59	1.12	35.47	56.19	0.043	0.61	0.97	42.06	53.60	0.047	0.61	0.99

3. "*Cordero Project NI 43-101 Technical Report Preliminary Economic Assessment Chihuahua, Mexico*." Effective Date March 12, 2012. Prepared by M3 in consultation with IMC, both of Tucson, Arizona in support of the mineral resource for the Cordero Project announced by Levon on June 21, 2011.

The resource used was that of the July 2011 report by IMC above. No reserves were calculated. Economic outcomes were estimated to be the following:

Conservative Metals Prices

Zinc	$0.91/lb.
Lead	$0.96/lb.
Gold	$1,384.77/oz.
Silver	$25.15/oz.

The average Operating Cost over the life of the mine include mine, process plant, general administrative, treatment and refining charges, transportation.

Operating Cost

	LOM $000	**$/ore tonne**
Mining	$594,211	$2.78
Process Plant	$1,282,758	$6.00
General Administration	$160,345	$0.75
Treatment & Refining Charges	$873,360	$4.09
Total Operating Cost	**$2,910,674**	**$13.61**

Royalties are calculated at 1.5% of gross revenues and are estimated at $75.4 million for the life of the mine. Reclamation & Closure was estimated at approximately $37 million.

Depreciation was calculated using the straight-line method with the initial capital being depreciated over 10 years and sustaining capital over an 8-year period. The last year of production was used as a catch-up year to fully depreciate any assets that had not been fully depreciated.

Taxable income for income tax purposes is defined as metal revenues minus operating expenses, royalty, property and severance taxes, reclamation and closure expense, depreciation. A 28% income tax rate was used in the calculation.

It is assumed for the purposes of this study that the project will be all equity financed. No leverage or debt expense has been applied in the financial analysis.

The result for net income after taxes is $928.2 million for the life of the mine. The economic indicators are shown on Table 3 below.

Table 3: Economic Indicators

	$ in thousands
NPV @ 0%	$928,225
NPV @ 5%	$422,408
NPV @ 7%	$293,506
IRR % after taxes	14.80%
Payback Years	5.1

4. "*Cordero Project June 2012 Mineral Resource Update Chihuahua, Mexico. Technical Report*" prepared by Herbert E. Welhener, IMC Inc., Tucson, Arizona, July 31, 2012.

The Cordero mineral resource estimate developed by IMC for Levon is based on 203 drill holes completed through April 2012. The mineral resource presented here is for the currently defined Pozo and the adjacent porphyry zone to the east and north of Pozo (both within the Cordero Porphyry Belt). Drilling indicates that other deposits in the district could be developed to have a mineral resource associated with them, but currently it is too premature to consider developing a mineral resource for them.

The mineral resource for Pozo and the porphyry zone is tabulated within an open pit geometry using an inverse distance estimation block model. The mineral resource is based on 97,769 m of drilling in 203 core holes of which is an addition of 33,380 m of drilling in 41 core holes over the drill information used for the June 2011 mineral resource estimate. The assay intervals are composited into 10m bench height lengths for silver, gold, zinc and lead, which are estimated into a block model by inverse distance to the sixth power weighting. An NSR value is calculated for each model block based on the metal grades and estimates of process recovery, concentrate terms and the metal prices of $25.00/oz silver,

$1.00/lb for both zinc and lead. Gold was not included at this time into the NSR value as the average grade is potentially too low for payment by the smelters of the zinc or lead concentrates. The inputs to the NSR calculation are the same as were used for the June 2011 mineral resource estimate. It needs to be noted that there are areas within the deposits which have higher gold grades for which payment could be received. This needs to be evaluated in further detail as the project moves forward.

The June 2012 mineral resource is summarized on Table 1-1 of the July 31, 2012 Technical Report below at the $6.00/t NSR cutoff and compared to the June 2011 mineral resource. The tonnage in the indicated category has increased due to the infill drilling. The overall contained metals have increased slightly, the small increase due to the block model restriction of keeping the same model limits as used for the June 2011 mineral resource. Expanded limits to the resource block model could increase the mineral resource using the same drill hole data base because some holes to the exterior of the block model were not incorporated.

Table 1-1
Cordero Mineral Resource – June 2012 Versus June 2011

		Combined Areas (above cutoff)					Contained Metal			
Resource Date	Resource Class	Million Tonnes	Ag, g/t	Au, g/t	Pb, %	Zn, %	Silver Million ounces	Gold Million ounces	Lead Billion Pounds	Zinc Billion Pounds
June 2011	Indicated	521.56	18.54	0.054	0.25	0.46	310.9	0.908	2.9	5.3
	Inferred	200.85	21.66	0.035	0.27	0.49	139.9	0.229	1.2	2.2
June 2012	Indicated	547.70	20.67	0.054	0.27	0.51	363.9	0.945	3.3	6.1
	Inferred	134.33	21.12	0.035	0.23	0.41	91.2	0.152	0.7	1.2

		Pozo de Plata Area (above cutoff)					Porphyry Zone (above cutoff)				
Resource Date	Resource Class	Million Tonnes	Ag, g/t	Au, g/t	Pb, %	Zn, %	Million Tonnes	Ag, g/t	Au, g/t	Pb, %	Zn, %
June 2011	Indicated	293.23	20.04	0.073	0.26	0.44	228.33	16.61	0.030	0.24	0.49
	Inferred	32.44	19.54	0.048	0.27	0.56	168.41	22.07	0.033	0.27	0.47
June 2012	Indicated	276.30	21.94	0.074	0.29	0.49	271.40	19.37	0.033	0.26	0.53
	Inferred	15.87	17.36	0.051	0.19	0.38	118.46	21.62	0.033	0.24	0.41

5. "Cordero Project September 2014 Mineral Resource Update, Chihuahua, Mexico Technical Report" Prepared by IMC, of Tucson, Arizona October 15, 2014.

The Cordero September 2014 mineral resource estimate is based on 245 drill holes completed through April 2014. A total of 274 holes have been drilled at Cordero of which 245 lie within the mineral resource block model volume. The mineral resource presented here is for the currently defined Pozo, the Cordero Felsic Dome and the adjacent Porphyry Zone to the northeast along the strike of the Cordero Porphyry Belt. Outlying initial exploration drilling has intersected mineralization, but no discovery holes that warrant immediate offset, resource definition drilling.

The mineral resource is tabulated within an open pit geometry using an inverse distance estimation block model. The mineral resource is based on 120,239 metres (m) of drilling in 245 core holes which is an addition of 19,396 m of drilling in 36 core holes over the drill information used for the June 2012 mineral resource estimate.

The mineral resource crops out at the surface. The resource has not been fully delineated by drilling along most of its perimeter nor at depth down plunge to the northeast. Within the geometry of the modeled open pit containing the resource, rock in largely undrilled areas has been modeled as unmineralized waste rock. The resulting present calculated stripping ratio (modeled waste to ore) is 1.2 to 1.

The 2m assayed drill core intervals are composited into 10m bench height lengths for silver, gold, zinc and lead, which are estimated into a block model by inverse distance to the sixth power weighting to match the estimation procedure used for the two previous mineral resource estimates. A silver equivalent grade in grams per tonne (g/t) is calculated for each model block based on the metal grades, estimate of mill recovery for each metal and the metal prices. A summary of the recoveries and metal prices is shown below.

Metal	Mill Recovery	Metal Price
Silver	85.0%	$20.00/oz
Gold	18.0%	$1250/oz
Zinc	81.0%	$0.94/lb
Lead	80.0%	$0.95/lb

The use of a silver equivalent (AgEq) to represent the value of the deposit is a change from the previous mineral resource estimates where an NSR was used. This change is to provide the deposit value in a format consistent with the reporting by other polymetallic resource companies.

The September 2014 mineral resource is summarized on Table 4 below at a 15.0 g/t AgEq cutoff grade. The major change from the June 2012 mineral resource is the drilling within the Aida Claim which was purchased by Levon subsequent to the June 2012 mineral resource and no mineralization on the Aida Claim was included in the June 2012 mineral resource estimate. The additional drilling also allowed portions of the previous inferred resource to be re-classified as indicated. The mineral resource is within an open pit geometry based on a standard floatation mill with separate zinc and lead circuits, the mill recoveries, operating costs for process, G&A and mining, and the post property costs for concentrate shipping and treatment.

Table 4: Cordero Mineral Resource – September 2014 Resource Tabulated at 5.00 g/t AgEq Cutoff

Class	ktonnes	AgEq, g/t	Ag, g/t	Au, g/t	Zn, %	Pb, %
Indicated	848,462	41.03	17.91	0.050	0.479	0.254
Inferred	92,158	31.39	15.00	0.029	0.327	0.195
Contained Metal			Ag, ounces	Au, ounces	Zn, billion pounds	Pb, billion pounds
Indicated			448,494,796	1,366,129	8.953	4.742
Inferred			44,448,039	84,746	0.663	0.397

Ktonnes = metric tonnes x 1000

6. Cordero Project Technical Report

The Cordero ProjectTechnical Report mineral resource estimate is based on 263 drill holes completed through September 2017. The mineral resource is based on 126,235 m of drilling in 263 core holes. The mineral resource is tabulated within an open pit geometry using an inverse distance estimation block model.

The mineral resource presented here is for the currently defined Pozo, the Cordero Felsic Dome and the adjacent Porphyry Zone to the northeast along the strike of the Cordero Porphyry Belt. Outlying initial exploration drilling has intersected mineralization, but no high-grade discovery holes that warrant immediate offset, resource definition drilling.

The mineral resource is within an open pit geometry based on a standard floatation mill with separate zinc and lead circuits, the mill recoveries, operating costs for process, G&A and mining. A silver equivalent grade in grams per tonne (g/t) is calculated for each model block based on the metal grades, estimate of mill recovery for each metal and the metal prices. A summary of the recoveries and metal prices based on August 2017 price projections is shown in Table 5 below.

Table 5: Recoveries and Metal Prices Summary (August 2017)

Metal	Mill Recovery	Metal Price
Silver	88.6%	$17.14/oz
Zinc	72.0%	$1.11/lb
Lead	84.0%	$0.96/lb
Gold	40.0%	$1262/oz

The February 2018 mineral resource is summarized on Table 6 below at a 15.0 g/t AgEq cutoff grade. The change from the September 2014 Mineral Resource statement is the inclusion of 18 drill holes, central to the deposit that were drilled in 2017. These holes provide confirmation of the mineral occurrence previously defined by wider spaced drilling. The change from the June 2012 Mineral Resource and PEA is the drilling within the Aida Claim which was purchased by Levon subsequent to the June 2012 Mineral Resource statement. No mineralization on the Aida Claim was included in the June 2012 mineral resource estimate. The additional drilling also allowed portions of the previous inferred resource to be re-classified as indicated.

Table 6: Cordero Mineral Resource – February 2018

Resource Tabulated at 15.00 g/t AgEq Cutoff

Category	Tonnes (000s)	AgEq, g/t	Ag, g/t	Zn, %	Pb, %	Au, g/t
Indicated	990,054	31.92	12.81	0.37	0.17	0.04
Inferred	282,217	56.43	20.66	0.75	0.30	0.04
Contained Metal			**Oz (000s)**	**Lbs (000s)**	**Lbs (000s)**	**Oz (000s)**
Indicated	-	-	407,761	8,030,051	3,774,996	1,273
Inferred	-	-	187,461	4,665,047	1,859,799	363

Ktonnes = metric tonnes x 1000

Economic analysis was estimated to be the following:

The Cordero Project economics were done using a discounted cash flow model. The financial indicators examined for the project included the Net Present Value ("**NPV**"), Internal Rate of Return ("**IRR**") and payback period (time in years to recapture the initial capital investment). Annual cash flow projections were estimated over the life of the mine based on capital expenditures, production costs, transportation and treatment charges and sales revenue. The life of the mine is approximately 15 years. Products being produces will be zinc concentrate and a lead concentrate.

Mine production is reported as mineralized material and waste from the mining options. The annual production figures were obtained from the mine plan as reported previously. The life of mine sulfide mineralized material quantities and mineralized material grade are presented in Table 7 below.

Table 7: Mine Production

	Tonnes (000)	Zinc (%)	Lead (%)	Gold (g/t)	Silver (g/t)
Mineralized material	417,526	0.43%	0.26%	0.06	19.39
Waste	407,589	-	-	-	-

The following products will be produced from the Process Plant:

- Zinc Concentrate with gold and silver credits
- Lead Concentrate with gold and silver credits

The estimated recoveries for each metal are shown in Table 8-1 below and life of mine saleable production is presented in Table 8-2.

Table 8-1: Metal Recoveries

	Zinc Concentrate	Lead Concentrate
Zinc	72%	-
Lead	-	84%
Gold	20%	20%
Silver	10.6%	74.6%

Table 8-2: Life of Mine Metal Production

	Zinc (000 lbs)	Lead (000 lbs)	Gold (000 ozs)	Silver (000 ozs)
Zinc Concentrate	2,430,588	-	173	27,593
Lead Concentrate	-	1,991,524	173	203,045

The process plant products will be shipped from the site to smelting and refining companies. The smelter and refining treatment charges will be subject to negotiation at the time of final agreement. A smelter may impose a penalty either expressed in higher treatment charges, or in metal deductions to treat concentrates that contain higher than specified quantities of certain elements. It is expected that the concentrate will not pose any special restrictions on smelting and refining, and that the concentrates will be marketable to smelting and refining companies. The smelting and refining charges calculated in the financial evaluation include charges for smelting and refining these products.

The total capital of new construction (includes direct and indirect costs) is estimated to be $569.7 million. This amount includes $54.7 million for the mine, $485.0 million for the process plant and infrastructure and $30.0 million owner's cost. Any land acquisition or exploration costs or other owner's study expenditures prior to this scoping study have been treated as "sunk" costs and have not been included in the analysis.

The total life of mine sustaining capital is estimated to be $270.5 million.

No salvage value was considered in the cash flow analysis as a return of capital from the salvage and resale of equipment at the end of mine life.

Annual revenue is determined by applying estimated metal prices to the annual payable metal before treatment, refinery and transportation charges for each operating year. Sales prices have been applied to all life of mine production without escalation or hedging. Metal sales prices used in the evaluation are shown in Table 9-1 below.

Table 9-1: Metals Commodity Prices

Zinc	$1.30/lb.
Lead	$1.00/lb.
Gold	$1,300/oz.
Silver	$20.00/oz.

The average Operating Cost, as set out in Table 9-2 below, over the life of the mine include mine, process plant, general administrative, treatment and refining charges, transportation.

Table 9-2: Operating Cost

	LOM ($000)	**$/mill feed tonne**
Mining	$983,270	$2.35
Process Plant	$2,120,057	$5.08
General Administration	$469,765	$1.13
Treatment & Refining Charges	$1,675,829	$4.01
Total Operating Cost	$5,248,921	$12.57

Royalties to former mining claim and lease holders are calculated at 1.5% of gross revenues and are estimated at $138.7 million over the life-of-mine. The new national Mining Royalty of 7.5% is based on net revenues and is essentially a tax. It is estimated to be $273.8 million over the life-of-mine.

Reclamation & Closure was based on a model current reclamation during operation and is estimated to be approximately $207 million.

Depreciation was calculated using the straight-line method with the initial capital being depreciated over 10 years and sustaining capital over an 8-year period. The last year of production was used as a catch-up year to fully depreciate any assets that had not been fully depreciated.

Taxable income for income tax purposes is defined as metal revenues minus operating expenses, royalty, property and severance taxes, reclamation and closure expense, depreciation. A 30% income tax rate was used in the calculation.

It is assumed for the purposes of this study that the project will be all equity financed. No leverage or debt expense has been applied in the financial analysis.

The result for net income after taxes is $1,773 million for the life of the mine. The economic indicators are set out in Table 10 below.

Table 10: Economic Indicators

	$ in thousands
NPV @ 0%	$1,772,532
NPV @ 5%	$699,621
NPV @ 7.5%	$437,725
NPV @ 10%	$260,817
IRR % after taxes	16.5%
Payback Years	4.8

Past Production

About 40 shallow vertical shafts, prospect pits, and open stopes are preset on the Cordero Project generally developing outcropping, narrow (1-2 m), high grade silver, zinc, lead and gold veins. No records of past production from the district are known. Local artisan miners report most of the production was direct shipping ore, which was hand sorted, shipped and processed in Parral.

Geological Setting and Mineralization

Regional Geology

The Cordero Project is 10 km east of the eastern-most Sierra foothills of the Sierra Madre Occidental Volcanic Province within a transitional geologic domain between the Volcanic Province to the west and the southern extension of Basin and Range Province of block faulting to the east. Published geologic maps and Levon regional reconnaissance mapping reveal basement rocks at Cordero are folded Cretaceous limestone of the Chihuahua Group. Cenozoic igneous rocks of the project are part of a calc-alkaline succession that correlates with the rocks of the Volcanic Province to the west, but is dominated not by volcanics, but by intrusives and their associated volcanic rocks within and near their volcanic vent areas.

The intrusives and volcanic vent facies rocks at Cordero are mineralized and form the northeast trending Cordero Porphyry Belt, the Porfido Norte Belt and the Perla Felsic Dome and Diatreme Complex. The igneous rocks of the belts range from granodiorite to dacite, rhyolite and diatreme breccia pipes cut by dacite and rhyolite associated dikes and breccia dikes. These rocks host all of the known mineralization with associated skarn and contact related replacement mineralization in their limestone country rocks in the project area.

A thin coeval sequence of andesitic volcanic flows forms a regional volcanic plateau from Parral northward and well east of the thick volcanic fields of the Sierra Madre Volcanic Province. This plateau flow sequence is relatively thin (<100m) in sharp contrast to the 1000's of metres of volcanic flows within the Sierra Province to the west. In the Cordero region, altered and mineralized felsic volcanic domes form volcanic constructional topographic high features that rise above the andesitic plateau surface.

The Cordero Felsic Dome and the Perla Felsic Dome and Diatreme Complex five kilometres to the south form such constructional volcanic topographic features on the Cordero property. Detailed mapping shows felsic domes are comagmatic with the andesite plateau volcanics. The Perla Felsic Dome and Diatreme Complex is at one vent area of the plateau andesite volcanics. The andesite flows of the Molina de Viento Caldera at the southwest end of the Cordero Porphyry Belt form part of the plateau andesite flow units.

There is minimal fault offset (<10 m) by mostly north-south and northeast trending normal faults at the Cordero project of the andesite plateau volcanic sequence. These minimal fault offsets are in sharp contrast to the 1,000+ metre normal fault offsets evident in the Basin and Range Province 15 kilometres to the east of Cordero.

Major streams of the region have partially dissected the andesitic plateau volcanics in the Cordero area with 100-200 metres of maximum erosional relief. The felsic domes are resistant, constructional volcanic topographic features and have been barely eroded. Many of the calderas are also well preserved.

The youngest volcanic rocks are post-mineralization, barren basalt flows and vent facies basaltic volcanic cones that rest unconformably on the dissected plateau andesite sequence, and locally on Cretaceous limestone basement rocks.

Local Geology

Levon reconnaissance mapping indicates the large-scale Cordero Project property geology is relatively simple. A series of Cenozoic intermediate to felsic igneous intrusive and volcanic centers cut Cretaceous limestone country rocks. Comagmatic andesite flows rest unconformably on the limestone country rocks locally, but have been mostly eroded away in the immediate resource area, in the central part of the Cordero Porphyry Belt. Youngest volcanics are small basaltic volcanic fields and volcanic cones that rest unconformably on limestone and the dissected andesite volcanics. The igneous rocks have not been age dated by Levon and follow the published regional geologic mapping age conventions (after Bailey, 2011).

Cenozoic stocks and volcanic vent facies felsic domes and diatreme breccias are aligned in two northeast trending belts, with an isolated volcanic center to the south (Perla Felsic Dome, Diatreme Complex). There are isolated erosional remnants of a thin (<100m) andesite flow sequence that forms a dissected, regional volcanic plateau. The andesite flow sequence is coeval with small calderas within and around the Cordero property and the flows still preserve the volcanic constructional topography formed by the calderas.

The youngest igneous rocks are post-mineral basalt volcanic cones and flows that unconformably rest on the plateau and caldera andesite volcanic sequence.

Country rocks are a Cretaceous marine shelf carbonate sequence with thin to medium bedded, interbedded calcareous mudstone, limestone, calcareous siltstone and calcite sandstone. The carbonate country rocks are generally flat lying and deformed by large scale open folds.

Youngest faults are north-south trending Basin and Range normal faults cut bedrock and overlying bedded the volcanics with typically less than 10 metres of offset. Most of the igneous rocks appear not to have been offset or tilted by post volcanic faults. An exception is in the vicinity of faulted caldera sequence southwest of the Dos Mil Diez Diatreme complex where volcanic stratigraphy is slightly offset by NS faults and tilted 45 degrees to form low hog back ridges.

Pre-Cenozoic igneous age faulting is evidenced by the northeast trending igneous belts and in drill hole data that documents up to about 400 m of vertical offset in northeast trending graben shaped basins beneath the Pozo de Plata Diatreme and the Cordero Felsic Dome and Cordero Porphyry Zone areas. North-south, northwest and east-west, syn mineral fracturing is evident in outcrops within the Cordero Felsic Dome and Cordero Porphyry Zone.

Quaternary erosion dissected the terrain as much as 100-200 metres in river valleys, but has not dissected the resistant constructional volcanic ridges and volcanic centers in the Cordero Porphyry Belt, including the Cordero Felsic Dome Complex and Cordero Porphyry Zone, which host part of the 2018 resource.

Levon drilling has largely focused in a central part of the Cordero Belt in a southern area of the Cordero claim block where the resource is defined in this report.

Silver, zinc, lead, gold, copper, and molybdenum mineralization are associated with the intermediate to felsic Cenozoic stocks and related felsic volcanic domes and diatreme breccia complexes and their contact zones. All are altered and mineralized to some extent. Mineralization appears to have occurred at and near the Cenozoic volcanic paleosurface. Figure 7-2 of the Cordero Project Technical Report illustrates the preserved relict volcanic topography and the present position of mineralization relative to the Tertiary paleosurface.

Property Geology

Cordero Porphyry Belt Geology

The Cordero Porphyry Belt (Belt) is defined on the basis of reconnaissance and detailed geologic mapping geophysical and geochemical surveys and core drilling. As Levon mapping progressed from 2009 away from the discovery outcrops in the Pozo, additional intrusive centers were documented and the strike length of the Cordero Belt grew into a regional geologic feature. The Belt presently consists of seven mapped igneous intrusive centers aligned within a northeast trend 15 km on strike and 3-5 km wide (Figure 7-3 of the Cordero Project Technical Report). Exploration results show that each of the intrusive centers of the Cordero Porphyry Belt contain mineralization. At surface the

central 3 km of strike length of the Belt is mineralized material and this feature, along with geophysical and geochemical sampling results helped focus most of the current exploration and grid drilling to define the 2018 resource.

The 2018 resource spans four intrusive centers in the central part of the Belt. From southwest to northeast the resource is hosted by the Pozo, the Cordero Felsic Dome Complex, the Cordero Porphyry Zone (another slightly older and simpler felsic dome) and the La Ceniza Stock.

A longitudinal exploration section through the entire 15 km strike length of the Belt is illustrated in a Figure A below. The figure illustrates the geologic systematics (and target settings) of the seven mineralized intrusive centers through the strike length of the Belt.

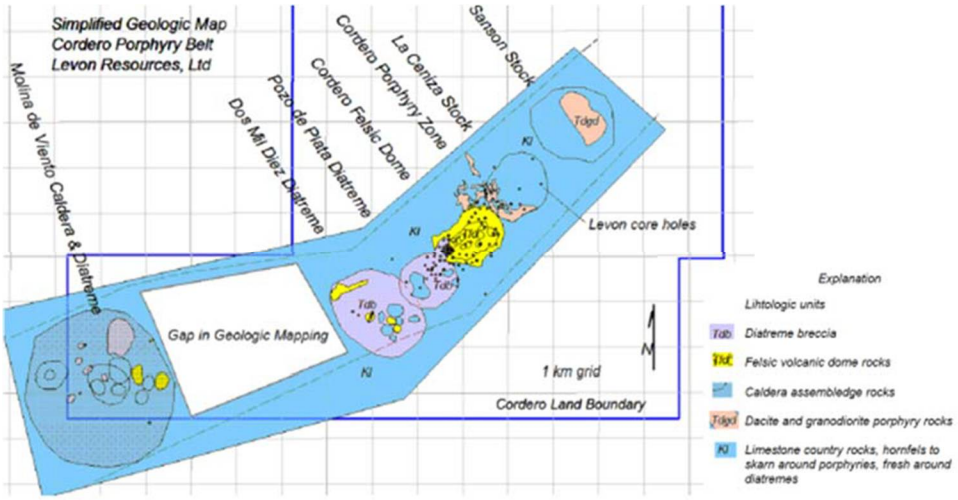


Figure A: Simplified Geologic Map of the Cordero Belt and Nomenclature of this Report

Mapping and exploration results show that mineralized igneous intrusives are exposed at the surface in the northeast end of the belt and are progressively deeper toward the southwestern end of the Belt where a preserved caldera is well exposed at the volcanic paleosurface.

Since the Cordero Project resource mineralization is controlled by porphyry-style alternation and mineralization (see the Mineralization section of this report), in the context of the porphyry exploration model, the systematic shallowing of intrusive centers toward the southwest end of the Belt has played an important role in the exploration of each intrusive center along the Belt. In the context of the porphyry exploration model (Lowell and Guilbert, 1970) each intrusive center along the Belt represents its own geologic and exploration domain to be considered by porphyry-model-guided exploration along the Belt by the geologic domain boundaries (vertical lines between the intrusive centers illustrated in the exploration longitudinal section through the 15-km strike length off the Cordero Porphyry Belt, as shown in Figure B below).

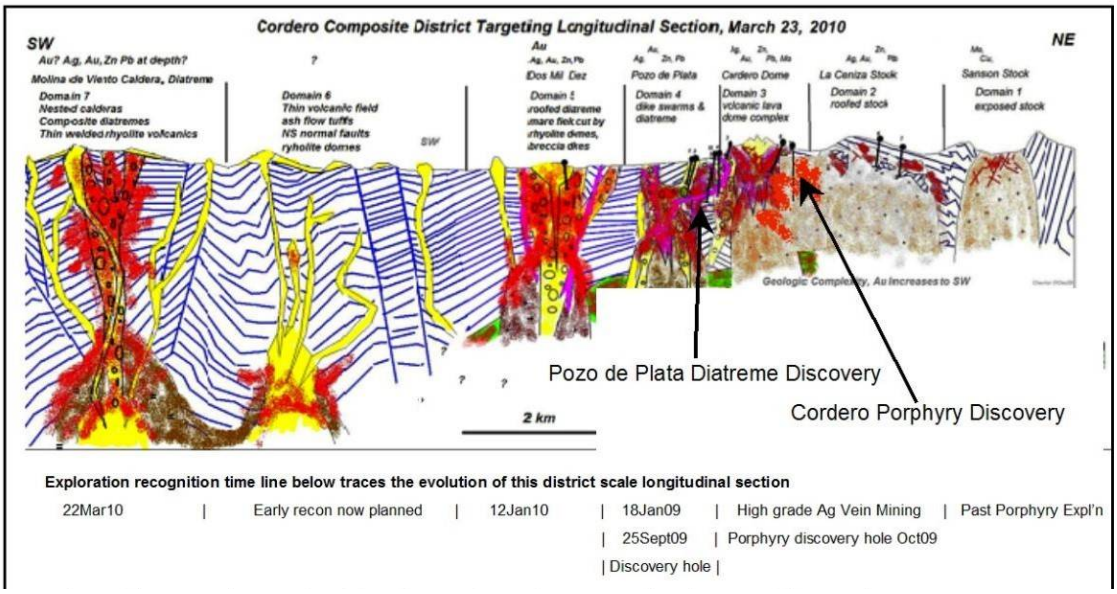
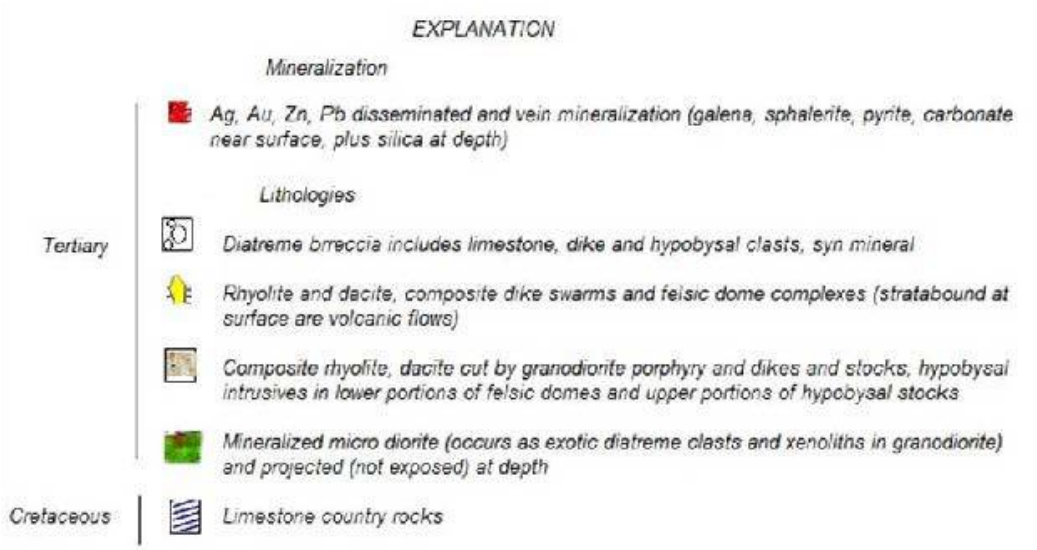


Figure B: Current Cordero Belt Longitudinal Exploration Targeting Cross Section



Note: Targeting exploration longitudinal section (vertical scale unknown) looking northwest.

The mapped and projected igneous intrusive centers and depth of their emplacement vary systematically through the strike length of the Cordero Belt.

- Cordero Porphyry Belt with at least 7 igneous intrusive centers (Belt 15 km on strike and 3-5 km wide).
- Igneous intrusive centers are progressively deeper toward the southwest.
- The igneous intrusive centers of the Belt are generally younger to the southwest.

The **Sanson Stock** exposed at the northeast end of the Cordero Belt is granodiorite porphyry and contains stockwork chalcopyrite and molybdenite veins in outcrop. Peñoles explored the Sanson Stock in 2000 for porphyry and skarn-related copper deposits from reports of local miners (no exploration available). The Sanson Stock is surrounded by a contact aureole of chlorite to biotite hornfels, locally cut by radial felsic dikes and fracture zones which contain a few

historical prospects. The plateau forming andesite flow sequence is exposed on the flanks of the stock and its domed hornfels country rocks, which is a key geologic relationship that indicates the Sanson Stock is likely the oldest intrusive in the Cordero Porphyry Belt and formed a topographic hill surrounded by the andesite volcanic flows in depositional contact with the hill.

The plateau andesites were erupted later probably during emplacement of the Cordero Felsic Dome and certainly during the emplacement of the Perla Felsic Dome and Diatreme Complex and the Molina de Viento Caldera at the southwest end of the Belt since the andesites form part of the preserved volcanic cones of the volcanic centers.

The geologic setting of the Cordero resource is illustrated in the exploration long section of the Cordero Porphyry Belt. The resource is hosted by four of the intrusive centers from the La Ceniza Stock to the Pozo de Plata Diatreme toward the southwest.

The **La Ceniza Stock** (named after La Ceniza mine, the former ASARCO mine in the area) is mostly covered by limestone roof rocks primarily exposed on dip slopes. The northeast part of the resource is hosted by the La Ceniza Stock. The roof rocks of the stock crop out northeast of a classic stratabound injection contact zone of the stock exposed in cross section on the slopes along the western contact zone of the La Ceniza Stock.

The current Cordero Project resource extends into the southwest margin of the **La Ceniza Stock** in disseminated and stockwork vein mineralization within the granodiorite stock at depth.

La Ceniza Stock roof rocks are cut by mineralized, northeast trending rhyolite and dacite dike swarms and small felsic domes, skarn zones and vein zones that have been mined in the past. Historic mines and prospects expose narrow (1-3 metres) vertical northeast trending mineralized vein structures that supported production of silver, zinc, lead, and gold from open stopes up to 500 metres long. Northeast-trending dacite and rhyolite dikes are also exposed in the workings and surrounding outcrops. Replacement mineralization is exposed on many of the mine dumps along with stockwork, porphyry-style silver, zinc, lead and gold mineralization.

The resource is exposed at surface and spans the **Cordero Porphyry Zone**, which is the next intrusive center to the southwest along the Belt. The present resource is exposed at surface and at depth across the Cordero Porphyry Zone. The Cordero Porphyry cuts off the strike extensions of mined veins along its northeast contact. At the surface the Cordero Porphyry Zone is a well exposed, low relief, rounded iron stained dacite hill with prospects and mine workings within northeast trending high grade veins and in high grade contact breccia zones within nested dacite intrusives of the composite volcanic dome. The Cordero Project spans the Cordero Porphyry Zone and includes disseminated and stockwork vein, porphyry style mineralization and diatreme breccia mineralization particularly in “silled” contact zones with limestone country rocks exposed at the surface and in drill core.

The **Cordero Felsic Dome** complex further southwest hosts the resource in outcrop. The dome appears to cut across and is therefore younger than the Cordero Porphyry Zone dome. What is mapped as the Cordero Felsic Dome complex may be just the youngest phases of the much larger composite volcanic felsic dome intrusions that may include the Cordero Porphyry Zone and the Cordero Felsic Dome together.

The Cordero Felsic Dome complex is largely dacite porphyry, but it has a high proportion of rhyolite composite stocks and dikes within its dome sequence.

The **Cordero Felsic Dome** complex forms a knobby hill and its many nested, composite intrusives and intrusive lobes are well exposed as constructional volcanic topographic knobs on the hill. Detailed core mapping shows that the Cordero Felsic Dome is laccolith shaped in cross section. The dome margins overly limestone country rocks and the Dome skies out at the volcanic paleosurface, which is well preserved. There appears to be two parallel, northeast trending igneous conduit zones that fed the dome as it grew. Surface and drill core mapping demonstrate composite intrusives and nested dacite and rhyolite stocks that fed the dome and were emplaced vertically along the feeder conduits, spread laterally on their sides outward into the dome laccolith flanks, away from the conduits.

Typically, nested composite stocks and composite dikes that form the dome have very high-grade contact breccia mineralization from 1 to 15 m wide, with their interiors well mineralized with porphyry-style, disseminated and stockwork vein mineralization. The nested composite stocks are often beheaded by previous intrusives within the dome so the geometry and paragenesis of the igneous rocks and mineralization within the dome are very complex and chaotic.

The resource is exposed at surface and spans the **Pozo de Plata Diatreme,** which is the fourth intrusive center further southwest along the Cordero Belt. The diatreme occupies a circular area about 1 km in diameter. Detailed surface mapping and trenching reveal the Pozo de Plata Diatreme is overlain by composite igneous intrusives of the Cordero Felsic Dome and therefore the Diatreme is older (at least in part) than the Cordero Felsic Dome.

Core drilling establishes the Pozo de Plata Diatreme is a northeast trough-shaped body (800 x 800 x 400 metres). Footwall country rocks are medium to thin bedded carbonates. The diatreme envelopes north-south and northeast-trending composite, mineralized dike swarms of rhyolite and dacite, which correlate with mappable photo linear. The dike swarms have themselves been incorporated into the diatreme breccia by multiple gas charged brecciation and milling events (and mineralization events) that formed the diatreme. The Pozo de Plata Diatreme breccias have milled, poorly sorted, ground up rock flour matrix with the same textures and fabric at the smallest scales as at the much coarser outcrop scale.

Cross cutting geologic relationships and diatreme clast and lithology counts reveal the existence of "ghost dikes" that are themselves mineralized diatreme material with monolithic igneous clasts (mineralized dacite or rhyolite). The ghost dikes are entirely gradational with enclosing mixed limestone and igneous clast diatreme breccia country rocks. The ghost dikes are often metal grade controlling features within the diatreme breccia body since their contact zones with limestone clast-dominated diatreme breccia are often high grade, brecciated and milled igneous contact breccia zones along the ghost dike contacts which have been incorporated into the diatreme breccia body.

More coherent and intact dacite and rhyolite dikes that cut the diatreme are themselves locally crosscut by limestone clast dominant diatreme breccia dikes, pointing to the syn-magmatic diatreme brecciation and multiple episodes of dike emplacement.

Geologic cross cutting relationships of mineralized material within the diatreme establish at least 7 mineralization events (pulses) within the Diatreme, including the youngest mineralization: vertical, massive sphalerite stockwork veins that cut across the diatreme breccia.

The **Dos Mil Diez Diatreme** complex is the fifth intrusive center to the southwest along the Cordero Belt and remains a priority exploration target. The diatreme complex is about 2 km in diameter. The diatreme was discovered by geologic field traverses over color anomalies identified by inspection of a Quickbird satellite image of the Cordero Project in January 2010. The Dos Mil Diez Diatreme is a prime outlying exploration target that has been initially drill tested in a small area.

The diatreme is characterized by clustered, small felsic domes and dike complexes, which are occasionally mineralized, and large domed limestone xenoliths surrounded by diatreme breccia. Local exposures of manganese-stained calcite hot springs terrace-type deposits and mushroom-shaped felsic domes resting on Cretaceous limestone country rocks within the complex are evidence that the present topographic surface is likely very near or at the surface of emplacement of the diatreme complex. Surface geology indicates large blocks of limestone roof rocks partially cover the Dos Mil Diez Diatreme Complex as large xenoliths within the diatreme breccia.

At the southwest end of the Cordero Belt the **Molina de Viento Caldera and Diatreme Complex** is about 4 kilometres in diameter and is an outlying exploration target that has been initially tested with several drill holes. The Caldera has an associated basal rhyolite ash flow tuff sequence typical of calderas that is only about 30 metres thick. Several diatremes have been recognized along its southern margins to date, containing some mineralized clasts. A molybdenite-bearing veined clast that was collected from a poorly exposed circular subcrop area with the caldera. There are nested diatremes within the Caldera. Diatreme contacts cut the ash flow sequence locally and are enveloped by strong propylitic alteration. One small outcrop area of dacite porphyry has been mapped in the center of the caldera and may represent a shallow intrusive center of the complex. 2014 staked claims cover iron stained rhyolites and diatreme breccia bodies along the southern margin of the caldera, which have yet to be prospected, mapped or sampled since they were not on the Cordero Project lands in the past. The southern felsic rocks have significant exploration target potential for follow up.

Porfido Norte Belt Geology

The Porfido Norte Belt is 10 km north of the Cordero Porphyry Belt and is about 7 km on strike and 2 km wide. An unnamed stock in the southwest of the Porfido Norte Belt is potassically altered granodiorite porphyry, characterized by abundant secondary hydrothermal biotite that gives the intrusive the appearance of diorite. The stock is surrounded

by a contact aureole of marble and biotite to chlorite hornfels developed in the Cretaceous limestone country rocks and associated gold showings. The Belt is an outlying exploration target that has been initially drill tested (and drill tested in the past by Peñoles).

To the northeast, a small, locally iron-stained Cenozoic felsic volcanic dome complex cuts through Cretaceous limestone country rocks and is unconformably overlain by mafic (andesitic), flat-lying Cenozoic volcanic flows, which are about 50 metres thick. Traverses across the volcanics indicate the present upper topographic surface of the volcanics is most likely the depositional paleosurface of the flows. Field evidence includes pressure ridges and Pele's tears locally well exposed on the andesite flow surface.

Arroyos have partially dissected the flat-lying volcanic flow sequence 1 km further northeast and expose hydrothermally altered, Cenozoic felsic volcanics, a Cenozoic conglomerate unit at the base of the flow sequence and Cretaceous limestone country rocks along arroyo banks. A distinctive basal conglomerate at the bottom of the volcanic sequence, resting unconformably on limestone basement rocks contains some mineralized volcanic clasts and may be mineralized itself in some matrix material.

To the southwest of the Porfido Norte Belt, on strike there are a number of distinctive circular anomalies and domes within limestone country rocks that are in the center of the strike extension of the Belt and have yet to be traversed or prospected.

Mineralization

Mineralogy of the Deposits

Argentiferous galena, sphalerite, and pyrite mineralization are present in each of the seven intrusive centers of the Cordero Belt and are the dominant mineralogy of the resource. Stibnite, tetrahedrite, arsenopyrite are locally present within the silver mineralized rocks. Chalcopyrite and molybdenite are present, but extremely rare within the resource. Chalcopyrite, and molybdenite mineralization is present mostly in the Sanson stock at the northeast end of the Belt. Chalcopyrite and molybdenite are also present in the bottom 300 m of a 1200 m hole (core hole C11-163) beneath the northeast part of the resource in the La Ceniza Stock area, and hosted by a younger phase of granodiorite, not recognized at the surface or in other drill holes at the property. This stockwork Cu and Mo mineralization likely represents stacked porphyry deposit potential that has yet to be defined or tested.

A common characteristic of the sulfides within the resource is their well crystallized euhedral to subhedral habits, that often range from medium to coarse grained pegmatitic textures within vugs, veins, veinlets and disseminations. In general, Galena, sphalerite and pyrite are present in roughly equal proportions within mineralized rock. But within the Cordero Felsic Dome there are rare instances of galena- or sphalerite- only disseminated mineralization within intrusive lobes of the Dome complex, which illustrates mineralization paragenesis (and fluid evolution) was very complex during Dome emplacement.

Oxidation of sulfides generally is present within 2 to 60 m of the present surface from drill hole information. Some narrow fracture zones are oxidized at depths of +600 m.

Cordero Belt Resource Mineralization

Mineralization within the Cordero Project is porphyry-style disseminated, stockwork veining sulfides within the intrusives, associated contact replacement and skarn type mineralization and discordant, through going veins (1-2 m widths) with up to 500 m strike lengths. Diatremes within the resource are characterized by disseminated sulfides in mineralized breccia matrix material, stockwork veined and replaced clasts and late stockwork veins that entirely cut the mineralized diatreme breccia. Manto clasts are locally present.

A common characteristic of mineralization in each of the four intrusive centers that host the resource is very complex mineral paragenesis with multiple pulses of mineralization (and associated hydrothermal alteration). At least seven mineralization pulses have been recognized in the Pozo de Plata Diatreme.

Silver is dominantly associated with argentiferous galena, but metallurgical testing shows it also occurs in the sphalerite. By-product gold is locally present in the galena, sphalerite and pyrite.

Gangue mineralogies are zoned within the resource. Rusty weathering carbonate (no quartz) is the dominant gangue in the upper part of the resource (250-650- metre depths from surface). Quartz gangue in porphyry style stockwork veins and pervasively disseminated modes (including pervasive silicification, k-feldspar flooding and hydrothermal biotite) gradually increase at depths below about 500 m from surface. The gangue mineralogy patterns in porphyry style mineralization of the resource (stockwork veining, disseminations and pervasive gangue flooding) described above are cut by the narrow (1-2 m wide) northeast trending high grade veins of the district, which contain abundant quartz, jasperoid and are exposed to the surface in outcrop.

Within the Cordero Project four geologic types of mineralization are generally present:

Type 1: Diatreme breccia hosted silver, gold, zinc and lead bulk-tonnage mineralization consisting of mineralized massive sulfide and replacement sphalerite and galena clasts, disseminated to massive breccia matrix and mineralized breccia cut by massive sphalerite and galena veins. Generally any brown mineral is sphalerite as clasts, vein fill and disseminated mineralization, intergrown with galena veins and disseminated grains (not always clearly visible). Od note is the general lack of abundant gangue minerals within and near sulfides. Abundant rusty weathering carbonate alteration minerals disseminated in rock. Diatreme breccia is polymictic with rhyolite, dacite and limestone clasts set in a rock flour breccia matrix. Clasts range from angular to well-rounded and are poorly sorted.

Type 2: Massive intergrown galena, sphalerite and pyrite, replacement mineralization (manto style) after limestone country rocks. In high grade intervals, mineralization is intergrown, argentiferous galena (silver blue), sphalerite (brown) and pyrite (brass color), nearly massive sulfide with a few relict bedded limestone bedding features (light gray) locally preserved. An example would be hole C10-131 in the northern contact zone of the Pozo de Plata Diatreme with 26 m width along the core grading 410.1 g/t Ag, 2.92% Zn, 7.06% Pb, 1/057 g/t Au. Similar manto mineralization also is encountered in some holes in the Cordero Porphyry Zone in contact areas with limestone.

Type 3: Porphyry-style silver, gold, zinc and lead disseminated and stockwork veining sulfides (sphalerite, galena and pyrite) hosted within biotite and chlorite contact hornfels and within rhyolite, dacite and granodiorite porphyry host rocks. Mineralization within intrusive rocks is commonly hosted by porphyry style potassic alteration and phyllic alteration assemblages. Highest grade mineralization is often within the contact zones of the two alteration assemblages, particularly where the assemblages overlap through incomplete pervasive alteration, in gradational contact zones. Often this mineralization is seen in pervasive, disseminated mode argentiferous galena, sphalerite, pyrite in clots of pervasive phyllic alteration (white and metallic colored) surrounded by pervasive mineralized potassic alteration (milky tan gray colored) and stockwork veins and disseminated sulfides. This type of mineralization is also most common in the Cordero Felsic Dome Complex and in the La Ceniza Stock portions of the resource.

Type 4: High-grade vein swarms mined in historic and current underground workings. One metre wide with intergrown galena, sphalerite, pyrite and occasionally tetrahedrite. Minor rusty weathering carbonate, calcite, barite gangue minerals locally cut by late, barren jasperoid occasionally. Examples of this mineralization are seen in past small-scale mining operations along 1- metre wide veins. Cut-off grade has been reported by the miners as 1 kilo/tonne silver and was often massive argentiferous galena with intergrown sphalerite. Some high-grade veins also contain sulfosalt minerals. The mineralized material was hand sorted direct shipping ore, trucked to the community flotation mill in Parral for processing.

Deposit Types

Modes of mineralization within the resource, associated hydrothermal alteration mineral assemblages and zoning patterns are typical of porphyry style mineralization, geometries and related intrusive contact mineralization defined by Lowell and Guilbert (1970). Silver, lead, zinc, gold values within the intrusive and volcanic dome rocks and their immediate country rocks are carried by disseminated, stockwork veins, mineralized contact breccias, mantos and garnet skarn, diatreme breccias and associated mineralized dikes and through going, discordant high-grade veins.

The Cordero Resource though spans four continuous intrusive igneous centers and geologic domains and its geologic signature varies by domain. Porphyry-style mineralization and alteration zoning are presently best documented in the Cordero Felsic Dome Complex part of the resource.

Argentiferous galena, sphalerite and pyrite are the dominant sulfide minerals carrying the metal values. The approximate assay grades of the mineralized rock can be reliably estimated and mapped by the visual inspection of the core and estimating the abundance of galena and sphalerite in the rock.

In a north-south cross section of the Cordero Felsic Dome Complex, most abundant galena and sphalerite mineralization (reflected in the drill core assays and modeled resource blocks) are hosted within a mappable, dome shaped phyllic alteration zone (exposed at surface) and the upper part of a potassic alteration zone in the core of the hydrothermal system at depth (as shown in the Figure C below).

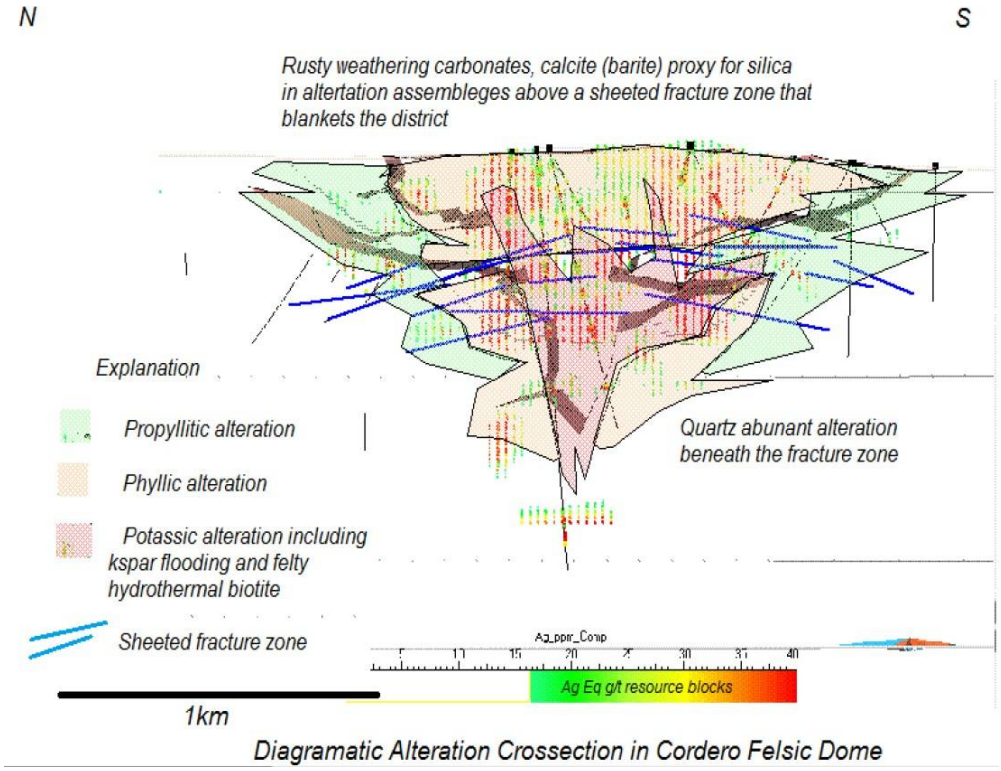


Figure C: Diagrammatic Alteration Cross Section in Cordero Felsic Dome

Alteration zone setting of resource mineralization within the Cordero Felsic Dome domain. Drill intercepts and resource blocks are shown color coded by Ag Eq (silver equivalent) grades. The cross section shows mineralization is mostly hosted within the phyllic alteration (shell) and the upper part of the potassic alteration (shell) as typical in porphyry deposits.

The Cordero porphyry style alteration zoning is diagnostic of with sulfide mineralization/alteration zoning well known in classic porphyry copper or porphyry molybdenite deposits. But the Cordero sulfide mineral assemblage of argentiferous galena, sphalerite and pyrite only, which are considered distal sulfide assemblages in porphyry copper or moly deposits. However, the alteration setting of the Cordero sulfides and the general lack of copper or moly sulfides in the resource are evidence that Cordero represents a novel class of porphyry mineralization characterized by argentiferous galena, sphalerite, pyrite at the core of the hydrothermal mineralized system as illustrated in Figure D below.

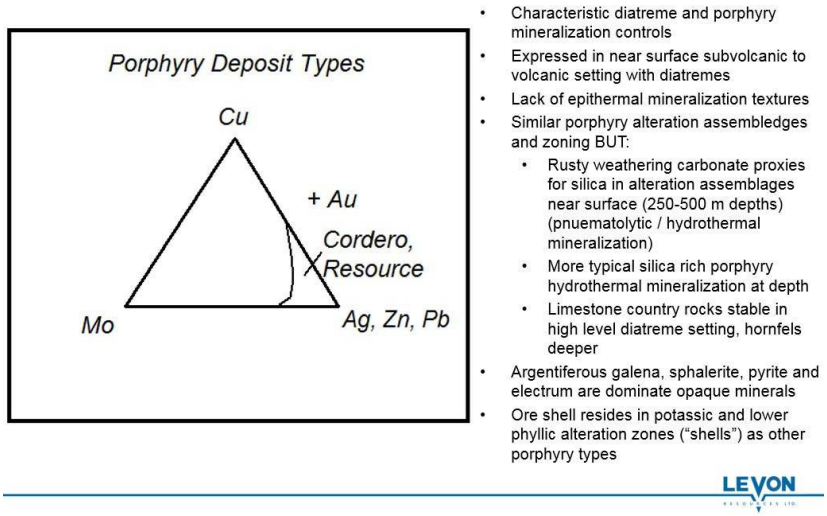


Figure D: Porphyry Deposit Types

Alteration and metal zoning geometries at Cordero support Cordero mineralization as a novel Ag, Zn, Pb, Au porphyry type deposit in addition to porphyry copper and porphyry moly deposits well documented in the geologic literature as illustrated on this trigonal diagram.

At Cordero traces of chalcopyrite and molybdenite are only locally present in the silver, lead, zinc, gold mineralized rock of the resource. Through deep exploration, it was discovered that the rare chalcopyrite and molybdenite occurrences are more likely related to a deeper porphyry copper moly system intersected in younger granodiorite porphyry not exposed at the surface. Hole C11-163 in a northeast part of the resource, at depth beneath the La Ceniza Stock cut 300 m of stockwork vein moly and copper mineralization in bottom of the 1,200-m hole. It is predicted that the core interval is the top of another, younger porphyry system at depth.

Exploration

Review and re-logging of historical drill holes to better understand geology and mineralizing controls started in July 2019, prior to the completion of the purchase agreement for the Cordero Project. Cumulative production of the re-logging program to date has 90,708m in 198 holes reviewed (68% of total 132,000m completed by Levon and others). The re-logging program has been put on hold at the end of March 2020 due to health risks associated with the COVID-19 pandemic.

Between October 24, 2019 and December 4, 2019, Geotech Ltd. completed a helicopter-borne versatile time domain electromagnetic (VTEM Terrain) and magneto metre survey over the entire Cordero claim package consisting of 5,175 line-kilometres at nominal 100m line spacing. The survey was flown in a north to south direction with tie lines running east to west every kilometre.

Based on geophysical results obtained, there are several anomalous zones that are associated with the magnetic anomalies. EM anomalous zones can be seen overlapping the TAU decay parameter. Magnetically, the property hosts a large circular magnetic high feature in the east-central part of the grid related to an intrusive body. Electromagnetically, the units appear to trend NNW-SSE with increased conductivities in the southern half of the block and higher resistivities to the north. The conductive targets can be interpreted as lithological conductors, structural conductors, and associated local targets. According to RDI apparent resistivity depth images over all lines, the estimated depth to the top of the anomalous zones is typically within approximately 50m of surface, extending to below 250m deep.

Drilling

Historical drilling on the project was completed by Levon and is comprised of 292 drill holes totaling 133,619.91m, all started as HQ diameter diamond drill core. Holes were drilled at various orientations and are dominantly at -60 to

-90-degree dips, with just 5 holes completed at -45-degree dip. Drilling by Levon was focused on defining mineralization within a very large open pit framework with a view of bulk extraction of a massive resource.

Discovery more recently completed 17,500m of oriented core diamond drilling in 48 drill holes since acquiring the project in August 2019. Drilling started in September 2019 and continued to the end of March 2020 when a temporary hiatus was call due to health risks associated with the COVID-19 pandemic.

Drilling by Discovery has been focused on defining a NE trending high grade core within the previously outlined mineralized footprint of the Cordero Project. To date the program has been successful and results have been released in the following press releases which can be found on the Discovery webpage and on SEDAR at www.sedar.com:

- January 8, 2020: "*Discovery Drills 34.7 metres of 617 g/t Silver Equivalent, Including 3.7 metres of 2,524 g/t Silver Equivalent, at its Cordero Project*"
- February 12, 2020: "*Discovery Drills 105.9 metres of 188 g/t Silver Equivalent at its Cordero Project"*
- April 7, 2020: "*Discovery Drills 1.0 m of 2,153 g/t AgEq as well as 62.8 m of 217 g/t AgEq at its Cordero Project, Mexico*"
- May 7, 2020: "*Discovery Drills 168.8 m of 207 g/t AgEq, Comprised of 70 g/t Ag, 0.10 g/t Au, 1.5% Pb & 1.9% Zn, Along North-East Extension at its Cordero Project, Mexico"*

The majority of the drill holes were drilled in a SE direction at angles between -45 and -70 degrees. A minority of the holes were drilled in a NE direction at similar dip angles. The orientation of the drill holes was planned to cross the NE trend of better grade mineralization as close to perpendicular as possible.

Sample Preparation, Analysis, and Security

Surface Samples

No surface samples have been taken by Discovery at the Cordero Project to date.

Drilling Samples

Drill core is logged and sampled in a secure core storage facility located at the project site 40km north of the city of Parral. Core samples from the program are cut in half, using a diamond cutting saw, and are sent by vehicle to ALS Geochemistry-Mexico for preparation in Chihuahua City, Mexico. Staff from ALS Labs Chihuahua, or staff from the Cordero Project deliver the samples to the prep lab in Chihuahua City. Subsequently, pulps are sent to ALS Vancouver, Canada, which is an accredited mineral analysis laboratory, for analysis. All samples are prepared using a method whereby the entire sample is crushed to 70% passing -2mm, a split of 250g is taken and pulverized to better than 85% passing 75 microns. Samples are analyzed for gold using standard Fire Assay-AAS techniques (Au-AA24) from a 50g pulp. Over limits are analyzed by fire assay and gravimetric finish. Samples are also analyzed using thirty-three-element inductively coupled plasma method ("ME-ICP61"). Over limit sample values are re-assayed for: (1) values of zinc > 1%; (2) values of lead > 1%; and (3) values of silver > 100 g/t. Samples are re-assayed using the ME-OG62 (high-grade material ICP-AES) analytical package. For values of silver greater than 1,500 g/t, samples are re-assayed using the Ag-CON01 analytical method, a standard 30 g fire assay with gravimetric finish.

Sample Security

Discovery's samples are transported by vehicle either by ALS Labs' personnel or by Cordero Project personnel to the ALS preparation lab in Chihuahua City, Mexico. The samples are tagged and bagged at the Cordero Project site and stored in a locked facility until ready for transport. An inventory of the samples is checked by the core logging geologists at site prior to transportation. Sample shipment forms are received from ALS in Chihuahua City and verified against the sample shipment list.

Quality Assurance/Quality Control ("**QA/QC**")

Certified standard reference materials and blanks are routinely inserted into all sample shipments to ensure integrity of the assay process. Selected samples are chosen for duplicate assay from the coarse reject and pulps of the original

sample. The frequency of quality control samples is as follows: 1/15 Standard, 1/18 Blank, 1/18 Field Duplicate (1/4 core) and 1/25 Duplicate of alternate Reject and Pulp Duplicate.

Data Verification

Drill Hole Collar Data

Collar locations for all of the Levon drill holes were checked using an updated and detailed orthophoto that was created for Discovery during 2019. The orthophoto had better than 10 centimetre accuracy for x and y coordinates and less than a metre for elevations. All of the drill coordinates fell within acceptable values during the validation check.

Discovery drill collar data is derived from hand-held GPS units with an expected +/-5m range of error. Plans for a detailed survey are in place and will need to be completed prior to any resource updates.

Down Hole Surveys

Down hole survey data for the historical drill holes were checked against paper records kept on site. No discrepancies were found. Surveys for the new holes were checked against digital files created during the surveys and were found to be accurate.

Assay Database

Historic assay sample validation has been carried out a number of times by authors of technical reports created for the Cordero Project. Subsequent validation of original assay certificates and data used in the drill data set by Discovery found no discrepancies between data sources.

Mineral Processing and Metallurgical Testing

Historical Testwork

A summary of metallurgical testwork at the Cordero Project was created by David J. Middleditch of Libertas Metallurgy Ltd. on May 14, 2019. His report outlines that two definitive metallurgical testwork programs have been conducted on the Cordero Project. The first program was conducted in 2011 at METCON Research, Tucson, USA and was followed by a more detailed program at ALS Metallurgy, Kamloops, Canada in 2013.

A total of 12 composites ranging in head grade from 7-400g/t Ag were tested at METCON and the following high-level comments/observations are made:

- Mineralogical analysis was conducted at Terra Mineralogical Services ("**TMS**") presumably by optical methods and highlighted the presence of galena and sphalerite as the main base metal sulphides with grain sizes ranging from coarse to extremely fine grained. Silver bearing minerals (argentite, acanthite, Ag-Sb sulphosalts, freibergite and silver tellurides) were also detected and it was suggested that these minerals are associated with galena. The report suggested that a primary grind of 60-65µm, followed by a regrind in 30-35µm should be sufficient for producing lead and zinc concentrates.

- Comparative Bond Ball Work Index ("**BBWI**") tests were conducted. These are not full BBWI tests and should be considered indicative only. The comparative work indices ranged from a low of ~9Kwh/tonne to a high of ~15Kwh/tonne, which is considered to be from soft to above average hardness.

- Rougher flotation testwork only was conducted on the 12 composites, no cleaner testwork was conducted. The rougher flowsheet and reagents are considered to be conventional for this type of deposit, although they are unoptimized due to the limited number of tests conducted. A sequential lead-zinc float was conducted whereby zinc is depressed and lead is floated in the lead circuit, followed by reactivation of the zinc ahead of the zinc circuit. A pyrite (bulk sulphides) float was also employed after zinc flotation in an attempt to recover the gold. This is a similar approach to the baseline Peñasquito and Camino Rojo flowsheets tested at Blue Coast Research Ltd in 2011-2013.

- Generally, the lead recovery to the lead rougher was high (>90%) with the exception being composite 7 which achieved just 35% lead recovery but from a head grade of ~7g/t, which is below the Ag cut off. Silver recovery

appears to follow lead recovery to the lead rougher. Excluding composite 7, the silver recovery to lead rougher ranged from 73-95%, with higher recoveries achieved on the higher-grade samples.

- Good lead-zinc selectivity was observed with less than 20% of the zinc being misplaced to the lead concentrate suggesting that the NaCN and zinc sulphate dosages employed were adequate. Zinc recovery to the zinc rougher concentrate ranged from 72-92%.

- On average, the gold recoveries to the various concentrates were 20% to the lead rougher, 20% to the zinc rougher, and 43% to the pyrite rougher. No cyanide leach testwork was conducted on the pyrite rougher concentrate to confirm whether this gold is ultimately recoverable to doré.

- No cleaner testwork was conducted on these composites, and the mass recoveries to the lead and zinc rougher concentrates were high, therefore concentrate grades were well below the levels required for concentrate saleability. This was however addressed in the ALS Metallurgy testwork program in 2013.

The ALS Metallurgy report (2013) focused on three composites and full flowsheet testing through to cleaner and locked cycle testwork was completed. Therefore, this body of testwork should be considered the most definitive available for the Cordero Project. The following high-level comments are based the author's review of the ALS testwork report:

- Three composites were tested in this program; Comp 1 (years 1-2), Comp 2 (years 3-5) and Comp 3 (years 5+). Head grades ranged from 0.18-.36% Pb, 0.21-0.58% Zn, 16-27g/t Ag and 0.07-0.12g/t Au. The full composite recipes with sample IDs and depth are included in the ALS report – it appears that composite 1 contained a portion of shallow material (<50m from surface) which likely contains oxide/transitional material. This is an important consideration with regards to metallurgical performance and will be discussed in more detail below.

- Mineralogical analysis again confirmed the main lead and zinc minerals to be galena and sphalerite. Almost all (>95%) of the lead and >99% of the zinc were deported to galena and sphalerite respectively in composites 2 and 3. Composite 1 included a significant amount of lead and zinc oxides, likely due to the material's closer proximity to surface and weathering/oxidation of the sulphides. In this composite, only 72% of the lead was present as galena, and 75% of the zinc as sphalerite, which resulted in significant impacts on metallurgical recoveries.

- Galena liberation in composite 1 was also low at just 23%. This improved in composite 2 (deeper material) and was reported to be 60% at a primary grind size of 120µm, which is considered sufficient for rougher flotation. Sphalerite liberation was consistent at 55-61%, also sufficient for rougher flotation. Very little galena-sphalerite interlocking was observed, which bodes well for lead-zinc separation and is consistent with the good flotation separations obtained.

- A conventional flotation flowsheet and reagent suite was employed in the ALS Metallurgy testwork program, with a relatively coarse primary grind p80 of 120-130µm and moderate zinc depressant dosage (30-60g/t ZnSO4 and 10-20g/t NaCN). Lead collector dosages were quite high (60-120g/t), and zinc circuit reagent dosages were considered normal at 50-150g/t CuSO4 and 10-40g/t 5100/SIPX. Regrinds of the lead and zinc rougher concentrates were required prior to cleaner flotation, and three stages of cleaning per circuit were employed, which is consistent with the relatively low head grades of the composites. The lead regrind p80 ranged from 12-17µm, which is quite fine, and the zinc was slightly coarser at 13-27µm.

- The locked cycle test results for composites 1, 2 and 3 are summarized in Figure E and discussed below.

    - Composite 1A, achieved lower concentrate grades and recoveries compared to the deeper composites 2. Lead recovery to lead concentrate was just 53% and silver recovery was 60% to a lead concentrate grading 49% Pb and 7150g/t Ag. Zinc recovery to zinc concentrate was 81% to a concentrate grading 44% Zn and 1000g/t Ag. An additional 18% of the silver reported to the zinc concentrate, bringing overall silver recovery up to 78% for this composite.

    - Composite 2 produced far superior metallurgical performance. A very high-grade lead-silver concentrate was produced grading 73% Pb and 5070g/t Ag at 90% lead recovery and 80% silver recovery. The zinc

concentrate graded 52% Zn and 333g/t Ag at 83% zinc recovery and 8% additional silver recovery, bringing overall silver recovery to 88%.

- Composite 3 produced a lead concentrate grading 51% Pb and 2700g/t Ag at a lead recovery of 71% and a silver recovery of 50%. The zinc concentrate graded 54% Zn and 289g/t Ag at a zinc recovery of 79% and an additional 14% silver recovery bringing overall silver recovery to 64%.

- Gold recovery to the lead concentrates ranged from 10-16% and at grades of 2.5-5g/t Au is likely payable. Gold grades in the zinc concentrate were <2g/t Au and represented at additional 4-8% gold recovery though this would likely not be payable.

- No major deleterious elements were detected in the lead concentrates, although carbon was elevated (3.6% C) in composite 1. SiO2, Cu and Pb levels in the zinc (the "unholy trinity") concentrates were all below the nominal 5% combined level, although cadmium was elevated at 0.4-0.78% Cd.

Product	Weight	Assay - percent or g/tonne							Distribution - percent						
	%	Pb	Zn	Fe	S	C	Ag	Au	Pb	Zn	Fe	S	C	Ag	Au
Test 50: Composite 1A															
Flotation Feed	100.0	0.18	0.21	2.4	2.37	1.84	23	0.09	100	100	100	100	100	100	100
Lead Concentrate	**0.2**	**49.1**	**4.67**	**6.0**	**16.2**	**3.57**	**7153**	**4.47**	**53.2**	**4.2**	**0.5**	**1.3**	**0.4**	**60**	**10**
Zinc Concentrate	**0.4**	**3.07**	**44.1**	**11.7**	**34.0**	**1.04**	**1041**	**1.94**	**6.7**	**80.8**	**1.9**	**5.6**	**0.2**	**18**	**8**
Zinc 1st Cleaner Tail	3.5	0.12	0.08	5.6	5.50	2.04	9	0.17	2.3	1.3	8.0	8.0	3.8	1	7
Zinc Rougher Tail	95.9	0.07	0.03	2.3	2.11	1.84	5	0.07	37.9	13.6	89.6	85.1	95.6	21	75
Test 39: Composite 2															
Flotation Feed	100.0	0.35	0.40	2.6	2.73	0.55	27	0.11	100	100	100	100	100	100	100
Lead Concentrate	**0.4**	**73.2**	**1.54**	**2.6**	**15.1**	**0.31**	**5070**	**2.64**	**89.5**	**1.6**	**0.4**	**2.3**	**0.2**	**80**	**10**
Zinc Concentrate	**0.6**	**1.38**	**52.4**	**7.1**	**31.1**	**0.14**	**333**	**1.23**	**2.5**	**82.5**	**1.7**	**7.1**	**0.2**	**8**	**7**
Zinc 1st Cleaner Tail	5.5	0.08	0.13	6.4	6.19	0.73	11	0.25	1.3	1.7	13.6	12.4	7.1	2	12
Zinc Rougher Tail	93.5	0.02	0.06	2.3	2.28	0.55	3	0.08	6.7	14.1	84.2	78.1	92.5	10	71
Test 40: Composite 3															
Flotation Feed	100.0	0.22	0.55	2.9	2.83	1.25	16	0.10	100	100	100	100	100	100	100
Lead Concentrate	**0.3**	**50.6**	**6.96**	**7.3**	**19.8**	**0.88**	**2711**	**5.33**	**70.8**	**3.8**	**0.8**	**2.1**	**0.2**	**50**	**16**
Zinc Concentrate	**0.8**	**1.25**	**53.7**	**6.1**	**33.4**	**0.30**	**289**	**0.44**	**4.7**	**78.8**	**1.7**	**9.6**	**0.2**	**14**	**4**
Zinc 1st Cleaner Tail	5.1	0.12	0.32	4.5	3.88	1.70	13	0.09	2.8	3.0	8.0	7.0	7.0	4	5
Zinc Rougher Tail	93.7	0.05	0.09	2.7	2.45	1.24	6	0.08	21.7	14.5	89.5	81.3	92.6	32	76

Figure E: Summary of LCT Results from the ALS Metallurgy 2013 Testwork Report

Metallurgical Discussion & Conclusions

Based on silver, lead and zinc head grades alone, the Cordero Project is analogous to the Peñasquito and Camino Rojo projects, albeit with lower gold content. There is also evidence of the presence of organic carbon, especially in shallower material (composite 1) that is a known issue at Peñasquito, but for the most part is mitigated by a carbon preflotation circuit.

It appears that there is a portion of the Cordero Project deposit that contains oxide/transition material close to surface. This was confirmed with metallurgical testwork and mineralogical analysis on ALS composites 1 and 1A, where lead/zinc oxides and poorer metallurgical results were obtained. Based on the sample depths comprising these composites (see ALS report appendix) it is suggested that material less than 50m from surface potentially contains this oxide/transition material and should be discounted in terms of recovery or eliminated altogether.

Composite 2 performed excellently producing clean lead and zinc concentrates at excellent metal recoveries. Based on the Levon sample selection this represents material from years 3-5 in the production schedule. At a head grade of 0.35% Pb, 0.45% Zn and 27g/t Ag this is still considered to be low grade material but if a smaller, higher grade deposit

can be identified within this portion of the deposit, metallurgical risk should be minimal. It is recommended that the sample locations from composite 2 be cross referenced against Discovery's updated/proposed higher grade pit shell and if the majority of the updated resources falls within this "zone" then composite 2 metallurgical recoveries can be used as "placeholder" numbers until new testwork data becomes available.

Composite 3 does not appear to contain any lead or zinc oxide minerals and is also represented by deeper material, however the table in the ALS appendix indicates that some shallower material was included in this composite design. This may explain the poorer metallurgical performance exhibited by this composite, or it could be suggestive of finer mineral textures (or both). This would require further investigation before including this material in the proposed Discovery higher grade pit.

The potential for preconcentration via Dense Media Separation ("**DMS**") or ore sorting (XRF/XRT/Optical) should be considered as a potential opportunity for the project. Preconcentration works well for Mexican Ag-Pb-Zn projects where the economic sulphides (galena and sphalerite) are relatively dense/visually distinguishable from the barren host rock. It is not uncommon to observe metal recoveries to a preconcentrated product of >95% for lead, zinc and silver, while rejecting 30% or more of the rock essentially resulting in a 30% increase in head grade and potentially a lower plant CAPEX.

The following recommendations are made:

- Use composite 2 metallurgical recoveries for high level economic evaluations until actual testwork data on the higher-grade pit option is available.
- Discount any material within 50m of surface as it is highly likely that this material contains oxide/transition material which results in lower metallurgical recoveries.
- Cross reference composite 2 sample locations with anticipated Discovery higher grade pit. If this pit contains material that is in close proximity to composite 1, 1A and 3 material, re-evaluate.
- No actual Bond Ball Work Index tests have been conducted – the METCON report comprised of comparative BBWIs. These would need to be validated with full BBWI tests in any future testwork programs.
- Once a higher-grade pit has been identified, new metallurgical drilling should be executed and a metallurgical testwork program suitable for the level of study should be planned, including a suite of variability samples (minimum 10).
- Pre-concentration and/or ore sorting should be integrated into any future testwork programs as part of a tradeoff study.
- The addition of a pyrite circuit to increase gold recoveries should be considered.

Based on the reports and data reviewed, and the potential for ore sorting, a high-level theoretical process flowsheet for the Cordero Project is presented in Figure F below:

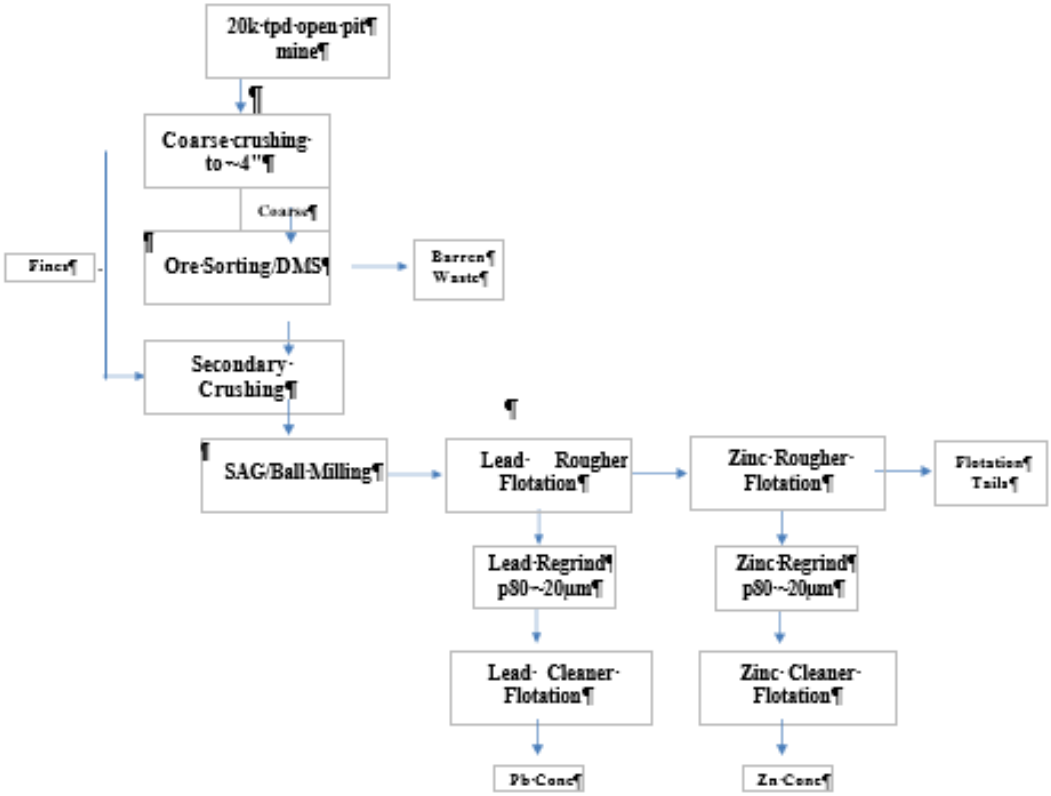


Figure F: High Level Cordero Conceptual Process Flowsheet

Assuming recoveries from the ALS testwork composites 2 and 3 being the maximum and minimum achievable for Cordero ore, and the head grades from Discovery's revised mine plan at a 50g/t cut off (high head grade point) and composite 2 head grades as a low head grade point, we can project the theoretical concentrate production rates based on a 20,000tpd mill feed rate, as set out in Table 11 below.

Table 11: Theoretical Production Rates Based on ALS Testwork (Comps 2 and 3) & DSV Revised Mine Plan

	Tonnes/Day		Pb(%) Grade		Zn (%) Grade		Ag (g/t) Grade		Pb Recovery (%)		Zn Recovery (%)		Ag Recovery (%)	
	Min.	Max	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low
Feed	20,000	-	0.54	0.35	0.82	0.40	32	20	-	-	-	-	-	-
Lead Conc.	97	133	73.00	51.00	7.00	1.50	5000	2700	90	71	4	2	80	50
Zinc Conc.	121	250	1.40	1.30	54.00	52.00	330	290	5	3	83	79	14	8
Tails	19,732	19,617	0.09	0.03	0.16	0.06	14	1.2	6	27	14	20	6	42

Lead	37.8	74.1	Mlbs/annum
Silver	3.3	8.3	Moz/annum (combined lead & zinc conc.'s)
Zinc	48.1	103.0	Mlbs/annum
Plant Avail.	0.95		

The production schedule indicates a wide range in lead, silver and zinc production from 38-74Mlbs/annum, 3.3-8.3MOz/annum and 48-103Mlbs/annum respectively, and assuming a plant availability of 95%. The wide range in projected production is due to the wide range in head grade and recovery numbers used, and it is anticipated that this

would be refined in the future with testwork on samples that represent the actual revised mine plan and projected head grades. However, this analysis serves to provide an extreme worst and best-case production scenario.

Mineral Resource and Mineral Reserve Estimates

No mineral reserves have been estimated for the Cordero Project to date.

The most recent mineral resource estimate has been outlined in the 2018 Resource update and PEA: "*Cordero Project NI 43-101 Technical Report Preliminary Economic Assessment Update, Chihuahua, Mexico*" Effective Date March 1, 2018, Issue Date April 18, 2018. Qualified Persons: Daniel H. Neff, Thomas L. Drielick, Richard K. Zimmerman of M3, and Herbert E. Welhener of IMC.

The Cordero February 2018 mineral resource estimate is based on 263 drill holes completed through September 2017. The mineral resource is based on 126,235 metres (m) of drilling in 263 core holes. The mineral resource is tabulated within an open pit geometry using an inverse distance estimation block model.

The mineral resource presented here is for the currently defined Pozo, the Cordero Felsic Dome and the adjacent Porphyry Zone to the northeast along the strike of the Cordero Porphyry Belt. Outlying initial exploration drilling has intersected mineralization, but no high-grade discovery holes that warrant immediate offset, resource definition drilling.

The mineral resource is within an open pit geometry based on a standard floatation mill with separate zinc and lead circuits, the mill recoveries, operating costs for process, G&A and mining. A silver equivalent grade in grams per tonne (g/t) is calculated for each model block based on the metal grades, estimate of mill recovery for each metal and the metal prices. A summary of the recoveries and metal prices based on August 2017 price projections is shown in Table 12 below.

Table 12: Recoveries and Metal Prices Summary (August 2017)

Metal	Mill Recovery	Metal Price
Silver	88.6%	$17.14/oz
Zinc	72.0%	$1.11/lb
Lead	84.0%	$0.96/lb
Gold	40.0%	$1262/oz

The February 2018 mineral resource is summarized on Table 13 below at a 15.0 g/t AgEq cutoff grade. The change from the September 2014 Mineral Resource statement is the inclusion of 18 drill holes, central to the deposit that were drilled in 2017. These holes provide confirmation of the mineral occurrence previously defined by wider spaced drilling. The change from the June 2012 Mineral Resource and PEA is the drilling within the Aida claim which was purchased by Levon subsequent to the June 2012 Mineral Resource statement. No mineralization on the Aida claim was included in the June 2012 mineral resource estimate. The additional drilling also allowed portions of the previous inferred resource to be re-classified as indicated.

Table 13: Cordero Mineral Resource – February 2018
Resource Tabulated at 15.00 g/t AgEq Cutoff

Category	Tonnes (000s)	AgEq, g/t	Ag, g/t	Zn, %	Pb, %	Au, g/t
Indicated	990,054	31.92	12.81	0.37	0.17	0.04
Inferred	282,217	56.43	20.66	0.75	0.30	0.04
Contained Metal			**Oz (000s)**	**Lbs (000s)**	**Lbs (000s)**	**Oz (000s)**
Indicated	-	-	407,761	8,030,051	3,774,996	1,273
Inferred	-	-	187,461	4,665,047	1,859,799	363

Ktonnes = metric tonnes x 1000

Economic analysis was estimated to be the following:

The Cordero Project economics were done using a discounted cash flow model. The financial indicators examined for the project included the NPV, IRR and payback period (time in years to recapture the initial capital investment). Annual cash flow projections were estimated over the life of the mine based on capital expenditures, production costs, transportation and treatment charges and sales revenue. The life of the mine is approximately 15 years. Products being produces will be zinc concentrate and a lead concentrate.

Mine production is reported as mineralized material and waste from the mining options. The annual production figures were obtained from the mine plan as reported previously. The life of mine sulfide mineralized material quantities and mineralized material grade are presented in Table 14 below.

Table 14: Mine Production

	Tonnes (000)	Zinc (%)	Lead (%)	Gold (g/t)	Silver (g/t)
Mineralized material	417,526	0.43%	0.26%	0.06	19.39
Waste	407,589				

The following products will be produced from the Process Plant:

- Zinc Concentrate with gold and silver credits
- Lead Concentrate with gold and silver credits

The estimated recoveries for each metal are shown in Table 15-1 below and life of mine saleable production is presented in Table 15-2 below.

Table 15-1: Metal Recoveries

	Zinc Concentrate	Lead Concentrate
Zinc	72%	
Lead		84%
Gold	20%	20%
Silver	10.6%	74.6%

Table 15-2: Life of Mine Metal Production

	Zinc (000 lbs)	Lead (000 lbs)	Gold (000 ozs)	Silver (000 ozs)
Zinc Concentrate	2,430,588		173	27,593
Lead Concentrate		1,991,524	173	203,045

The process plant products will be shipped from the site to smelting and refining companies. The smelter and refining treatment charges will be subject to negotiation at the time of final agreement. A smelter may impose a penalty either expressed in higher treatment charges, or in metal deductions to treat concentrates that contain higher than specified quantities of certain elements. It is expected that the concentrate will not pose any special restrictions on smelting and refining, and that the concentrates will be marketable to smelting and refining companies. The smelting and refining charges calculated in the financial evaluation include charges for smelting and refining these products.

The total capital of new construction (includes direct and indirect costs) is estimated to be $569.7 million. This amount includes $54.7 million for the mine, $485.0 million for the process plant and infrastructure and $30.0 million owner's cost. Any land acquisition or exploration costs or other owner's study expenditures prior to this scoping study have been treated as "sunk" costs and have not been included in the analysis.

The total life of mine sustaining capital is estimated to be $270.5 million.

No salvage value was considered in the cash flow analysis as a return of capital from the salvage and resale of equipment at the end of mine life.

Annual revenue is determined by applying estimated metal prices to the annual payable metal before treatment, refinery and transportation charges for each operating year. Sales prices have been applied to all life of mine production without escalation or hedging. Metal sales prices used in the evaluation are shown in Tables 16-1 and 16-2 below.

Table 16-1: Metals Commodity Prices

Zinc	$1.30/lb.
Lead	$1.00/lb.
Gold	$1,300/oz.
Silver	$20.00/oz.

The average Operating Cost over the life of the mine include mine, process plant, general administrative, treatment and refining charges, transportation.

Table 16-2: Operating Cost

	LOM ($000)	$/mill feed tonne
Mining	$983,270	$2.35
Process Plant	$2,120,057	$5.08
General Administration	$469,765	$1.13
Treatment & Refining Charges	$1,675,829	$4.01
Total Operating Cost	$5,248,921	$12.57

Royalties to former mining claim and lease holders are calculated at 1.5% of gross revenues and are estimated at $138.7 million over the life-of-mine. The new national Mining Royalty of 7.5% is based on net revenues and is essentially a tax. It is estimated to be $273.8 million over the life-of-mine.

Reclamation & Closure was based on a model current reclamation during operation and is estimated to be approximately $207 million.

Depreciation was calculated using the straight-line method with the initial capital being depreciated over 10 years and sustaining capital over an 8-year period. The last year of production was used as a catch-up year to fully depreciate any assets that had not been fully depreciated.

Taxable income for income tax purposes is defined as metal revenues minus operating expenses, royalty, property and severance taxes, reclamation and closure expense, depreciation. A 30% income tax rate was used in the calculation.

It is assumed for the purposes of this study that the project will be all equity financed. No leverage or debt expense has been applied in the financial analysis.

The result for net income after taxes is $ $1,773 million for the life of the mine. The economic indicators are shown in Table 17 below.

Table 17: Economic Indicators

	$ in thousands
NPV @ 0%	$1,772,532
NPV @ 5%	$699,621
NPV @ 7.5%	$437,725
NPV @ 10%	$260,817
IRR % after taxes	16.5%
Payback Years	4.8

Exploration, Development, and Production

Discovery is currently completing a planned 30,000-35,000m Phase 1 drill program that commenced in September 2019. The goal of this program is to define a high-margin project with scale that retains excellent leverage to rising metal prices.

The Phase 1 program is designed to outline a high-grade corridor of mineralization that exists within the broader low-grade resource outlined in the Cordero Project Technical Report. This drill program will provide information pertaining to a better understanding of mineralizing controls along with a structural and geological model that will be critical for domaining and modeling of the next updated resource.

Recent Developments

Subsequent to the publication of the Cordero Project Technical Report:

- Drilling was re-commenced by Discovery on September 17, 2019 with one drill.
- A second drill was added to the Cordero Project in November 2019.
- A >5,100 line-km helicopter-borne EM and Magnetometer survey was started in October and ended in the first week of December, 2019.
- A total of 5,907m was drilled in 17 holes by Discovery during 2019.

- Press Release January 8, 2020: "*Discovery Drills 34.7 metres of 617 g/t Silver Equivalent, including 3.7 metres of 2,524 g/t Silver Equivalent at its Cordero Project*"
- Press Release February 12, 2020: "*Discovery Drills 105.9 metres of 188 g/t Silver Equivalent at its Cordero Project, Mexico*"
- Press Release April 7, 2020: "*Discovery Drills 1.0 m of 2,153 g/t AgEq as well as 62.8 m of 217 g/t AgEq at its Cordero Project, Mexico*"
- May 7, 2020: "*Discovery Drills 168.8 m of 207 g/t AgEq, Comprised of 70 g/t Ag, 0.10 g/t Au, 1.5% Pb & 1.9% Zn, Along North-East Extension at its Cordero Project, Mexico"*
- To the end of March 2020, Discovery completed 17,500 metres in 48 drill holes.

Drill highlights to the date of this AIF include:

Hole ID	From	To	Width (m)	Ag g/t	Au g/t	Pb %	Zn %	AgEq[2] g/t
C19-295	55.4	136.6	81.2	63	0.35	0.9	0.9	159
including	115.1	119.2	4.1	517	1.32	7.6	5.7	1,132
	157.8	225.9	68.1	117	1.96	1.7	1.1	361
including	163.3	197.9	34.7	200	3.04	2.9	1.6	617
including	165.6	169.2	3.7	512	21.52	6.9	0.2	2,524
and	173.7	185.2	11.5	284	0.88	4.1	2.8	617
C19-296	101.1	148.2	47.1	71	0.45	1.0	1.2	191
including	103.5	146.2	42.7	77	0.48	1.1	1.3	206
including	105.4	109.5	4.1	167	0.76	2.6	3.0	444
	155.0	216.5	61.6	42	0.39	0.6	0.4	112
including	165.5	192.7	27.2	77	0.50	1.1	0.7	188
including	176.0	179.9	3.9	268	0.59	4.2	1.6	529
C19-294	86.0	180.3	94.3	47	0.27	0.7	0.6	121
including	88.0	101.8	13.9	88	0.41	1.4	1.2	218
and	109.9	118.8	8.9	115	0.40	1.7	1.3	263
including	117.4	118.8	1.5	285	0.58	4.7	2.0	582
C19-293	473.6	533.5	59.9	37	0.06	0.9	1.5	136
including	473.6	500.8	27.2	48	0.09	1.3	2.1	189
including	492.4	497.4	5.0	69	0.13	2.1	3.1	282

Hole ID	From (m)	To (m)	Width (m)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	AgEq[2] (g/t)	Mineralization
C19-297	272.9	274.0	1.1	522	0.21	6.6	18.3	1,533	Vein
and	285.5	286.1	0.6	931	0.09	6.0	10.1	1,569	Vein
C19-299	43.4	101.2	57.8	24	0.21	0.3	0.6	78	Breccia
including	61.2	81.6	20.4	32	0.26	0.5	1.2	122	Breccia

Hole ID	From (m)	To (m)	Width (m)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	AgEq[2] (g/t)	Mineralization
C19-301	63.5	157.8	94.3	30	0.21	0.4	0.3	75	Breccia
including	88.9	126.0	37.2	58	0.32	0.9	0.5	135	Breccia
C19-302	14.0	80.5	66.6	33	0.16	0.4	0.4	77	Breccia
including	32.0	55.0	23.1	62	0.28	0.8	0.7	142	Breccia
C19-303	125.5	125.9	0.5	1,035	0.11	5.1	12.6	1,743	Vein
and	246.6	267.6	21.1	60	0.10	0.2	0.5	94	Breccia
C19-304	76.8	182.7	105.9	74	0.38	1.1	1.1	188	Breccia
including	76.8	102.8	26.0	104	0.41	1.5	1.4	250	Breccia
including	115.1	145.7	30.6	78	0.42	1.1	0.9	185	Breccia
including	153.9	175.0	21.1	110	0.52	1.8	2.1	302	Breccia
C19-305	0.6	65.6	65.0	74	0.05	0.5	0.5	113	Breccia
including	49.6	65.6	16.0	122	0.12	1.6	1.5	249	Breccia
C19-306	58.4	78.8	20.5	39	0.17	0.6	0.5	95	Breccia
and	103.0	165.1	62.1	35	0.21	0.5	0.4	84	Breccia
including	132.7	141.0	8.3	109	0.43	1.6	1.2	251	Breccia
and	347.2	422.5	75.3	24	0.01	0.3	1.9	114	Breccia
including	388.3	401.3	13.1	42	0.01	0.6	3.9	185	Breccia

Hole ID	From (m)	To (m)	Width (m)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	AgEq[2] (g/t)	Mineralization
C19-307	17.5	19.5	2.0	700	0.06	1.33	2.05	837	Vein/Stockwork
and	155.3	156.1	0.8	1,175	0.22	7.41	4.53	1,642	Vein
and	202.7	204.0	1.3	516	0.05	5.65	6.94	1,007	Vein
C19-308	3.6	17.6	14.0	185	0.02	0.05	0.13	194	Breccia
and	128.5	128.9	0.3	645	0.14	7.16	17.25	1,624	Vein
C19-309	**59.1**	**60.3**	**1.3**	**673**	**0.26**	**10.13**	**3.73**	**1,205**	**Vein/Fault Breccia**
C20-310	**51.1**	**52.3**	**1.2**	**904**	**0.08**	**5.40**	**8.08**	**1,436**	**Vein/Fault Breccia**
and	137.0	137.9	0.9	576	0.06	1.64	3.99	805	Vein/Stockwork
C20-311	3.0	74.0	71.1	18	0.15	0.24	0.19	46	Breccia
C20-312	3.0	127.1	124.1	46	0.03	0.23	0.54	79	Breccia & Vein
including	76.7	81.9	5.3	273	0.16	0.85	5.53	546	Breccia & Vein
including	**81.3**	**81.9**	**0.6**	**1,500**	**0.87**	**3.24**	**30.00**	**2,929**	**Vein**
C20-313	214.1	224.1	10.0	15	0.00	0.63	1.58	103	Vein Breccia
C20-314	**135.0**	**241.0**	**106.1**	**51**	**0.37**	**0.97**	**0.56**	**139**	**Breccia**

Hole ID	From (m)	To (m)	Width (m)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	AgEq[2] (g/t)	Mineralization
Including	164.1	168.9	4.8	355	2.08	6.62	4.54	946	Breccia
C20-315	136.6	150.6	14.0	31	0.01	0.23	1.18	89	Multiple Veins
including	146.4	148.2	1.8	66	0.00	0.48	4.28	261	Vein
C20-316	163.1	190.7	27.7	119	0.55	2.02	0.28	247	Breccia
including	**166.4**	**167.4**	**1.0**	**1,255**	**1.10**	**20.00**	**2.49**	**2,153**	**Breccia**
and including	181.0	182.5	1.5	721	2.30	12.71	1.89	1,435	Breccia
and	**222.3**	**285.0**	**62.8**	**79**	**0.58**	**1.19**	**1.15**	**217**	**Breccia**
including	240.5	250.4	10.0	212	1.14	3.45	2.29	522	Breccia
and including	256.8	268.7	11.9	151	0.75	2.30	3.09	422	Breccia

Hole ID	From (m)	To (m)	Width (m)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	AgEq[1] (g/t)	Distance South-West of Pozo de Plata
C20-317	**0.0**	**79.0**	**79.0**	**90**	**0.22**	**0.9**	**0.5**	**159**	400 m
including	35.0	35.5	0.5	1,500	0.33	22.7	6.7	2,608	
C20-318	8.4	30.6	22.2	40	0.08	0.5	0.4	79	400 m
C20-321	195.0	206.3	11.3	8	0.00	0.3	2.4	120	300 m
C20-323	197.0	217.5	20.5	53	0.02	1.6	3.0	236	350 m

Hole ID	From (m)	To (m)	Width (m)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	AgEq[1] (g/t)	Distance North-East of Pozo de Plata
C20-319	77.0	108.2	31.2	51	0.07	0.9	0.8	122	600 m
and	**140.0**	**308.8**	**168.8**	**70**	**0.10**	**1.5**	**1.9**	**207**	
including	**264.8**	**292.5**	**27.7**	**103**	**0.20**	**2.2**	**4.4**	**378**	
and including	275.1	292.5	17.4	123	0.24	2.6	6.0	484	
and including	302.4	307.8	5.4	294	0.25	6.8	6.6	826	
and	389.2	420.1	30.9	28	0.05	0.5	1.6	118	
C20-320	84.9	115.7	30.8	45	0.26	0.7	0.4	107	300 m
and	**132.5**	**174.0**	**41.5**	**75**	**0.25**	**1.7**	**1.1**	**201**	
and	213.1	250.4	37.3	67	0.24	1.5	0.7	166	
including	**214.2**	**217.5**	**3.3**	**588**	**0.58**	**12.4**	**1.7**	**1,141**	
C20-322	104.7	124.6	19.9	72	0.41	1.2	1.4	205	100 m
including	111.3	115.3	4.1	270	1.45	4.7	5.5	780	
C20-324	**105.1**	**227.0**	**121.9**	**34**	**0.07**	**0.6**	**0.8**	**93**	500 m

Grams per tonne is abbreviated as "g/t", silver equivalent is abbreviated as "**AgEq**".

[1] All results in this table are rounded. Assays are uncut and undiluted. Widths are drilled widths, not true widths, as a full interpretation of the actual orientation of mineralization is not complete. Composites for this table were chosen at a 25 g/t AgEq cutoff, whereby no more than 5m of below-cutoff material is included in any composite interval.

[2] AgEq calculations for reported drill results are based on USD $16.50/oz Ag, $1,350/oz Au, $0.85/lb Pb, $1.00/lb Zn, and assume 100% metallurgical recovery. Refer to note four below for metallurgical recoveries assumed in the Cordero Project Technical Report.

[3] A PEA was completed by M3 Engineering, Resource by IMC, Mar. 1, 2018 (available on Discovery's website). Resource commodity prices used ($US): $17.14/oz Ag, $1.11/lb Zn, $0.96/lb Pb, $1,262/oz Au; Mine plan uses a subset of Indicated and Inferred Resources at 15 g/t AgEq cutoff. PEA assumes metallurgical recoveries of 89% Ag, 84% Pb, 72% Zn, 40% Au.

PUERTO RICO PROJECT

On August 3, 2017, the Corporation released the "*Independent Technical Report for the Puerto Rico Carbonate Hosted Polymetallic Project, Coahuila, Mexico*", effective June 12, 2017 and dated June 12, 2017 authored by Independent Qualified Persons Ana Fonseca, P.Geo, and Dominic Chartier, P.Geo, of SRK Consulting (Canada) Inc. ("**SRK**"), and prepared in accordance with NI 43-101 (the "**Puerto Rico Project Technical Report**"). The Puerto Rico Project Technical Report was filed with Canadian securities regulatory authorities on SEDAR (available at www.sedar.com).

The information contained in this summary has been derived from the Puerto Rico Project Technical Report and is subject to certain assumptions, qualifications and procedures described in the Puerto Rico Project Technical Report and is qualified in its entirety by the full text of the Puerto Rico Project Technical Report. Reference should be made to the full text of the Puerto Rico Project Technical Report.

Project Description, Location, and Access

Location and Access to the Property

The Puerto Rico Project is located in northern Coahuila State, Mexico; approximately 250 kilometres northwest of Melchor Muzquiz, the closest city with developed infrastructure and supplies. A small camp is established on the Puerto Rico Project property and basic supplies can be sourced from the nearby village of Norias de Boquillas, approximately 12 kilometres from the camp. The project area is accessible by paved and undeveloped dirt roads and consists of six mining concessions that cover an area of approximately 2,822 hectares.

Interest in the Property

The mining concessions were originally granted between 2004 and 2009 to Juan Reynaldo Elizondo Falcon, Jesus Miguel Hernandez Garza, or a 50/50 split between the two individuals for a period lasting 50 years. Mining concession Alytu 3 (title 233478), registered to Jesus Miguel Hernandez Garza, was cancelled on May 19, 2014 and a revision recourse against the cancellation has not been resolved to date. In addition, the two individuals transferred a shareholders' contribution to Solvitec, S.A. de C.Y. (Solvitec) for the Alytu 8 (title 225821) and Panama (title 222958) mining concessions on January 15, 2010. Jesus Miguel Hernandez Garza and Juan Reynaldo Elizondo Falcon have provided Ayubowan with a copy of shareholders' resolutions of Solvitec confirming the termination of the shareholders' contribution agreement and the return of the Alytu 8 (title 225821) and Panama (title 222958) mining concessions.

On April 7, 2017, Jesus Miguel Hernandez Garza and Juan Reynaldo Elizondo Falcon (acting as Property Owners) and Discovery Metals, S.A. de C.Y. a wholly-owned Mexican subsidiary of Ayubowan (acting as the Corporation), signed a and option agreement for the transfer of mineral exploration rights and the option to purchase, for a term of 5 years, 100% title to the Puerto Rico Project property in consideration of cash payments, share issuances, and expenditures on the property. The cash payments and share issuances are to total a minimum value of US$10,000,000. Ayubowan must also complete exploration expenditures of US$12,500,000 within five years of receiving the permits for drilling on the Puerto Rico Project, of which a minimum of US$2,000,000 must be spent within the first 12 months.

On April 25, 2019, Discovery announced amendments to the terms of the Property Option Agreement on its Puerto Rico Project, located in Coahuila State, Mexico while concurrently signing a 30-year exploration and mining agreement with the Boquillas del Carmen Ejido.

A summary of the key terms of the amended Option Agreement are:

- The Corporation may exercise the option to acquire 100% of the Puerto Rico Project from the Property Owners, with the following payments:
    - an aggregate cash payment of US$300,000 paid by monthly instalments of US$20,000 each, commencing 30 calendar days after receipt of the permit to conduct drilling activities on the Puerto Rico Project (the "**Drill Permit**");
    - the issuance of four tranches of 500,000 common shares on each anniversary of the closing date of the transaction (August 17, 2017) with the first issuance occurring on the second anniversary of the closing (August 17, 2019), provided that by the time the issuance becomes due, the Drill Permit is received; and
    - the issuance of additional common shares to the Property Owners equivalent to the greater of 20% of the market value of the Project as determined by an independent valuation or 18,000,000 common shares, taking into account Common Shares already issued to the Property Owners.
- In order to exercise the Option, the Corporation is required to complete 12,000 metres of drilling within three years after receipt of the Drill Permit.

A summary comparing the key terms of the original and amended agreements is shown below:

PAYMENT TYPE	ORIGINAL TERM	AMENDED TERM
Drill Permit milestone	• 500,000 common shares • US$300,000 cash in lump sum payment	US$300,000 cash in 15 equal monthly instalments
Drill Permit milestone	• Four tranches of 500,000 common shares issued annually beginning August 17, 2019	Four tranches of 500,000 common shares issued annually beginning the latter of August 17, 2019 or receipt of Drill Permit
Purchase Option work required	• US$12,500,000 minimum spend over five (5) years	12,000 metres of drilling over three (3) years
Purchase Option consideration	• Higher of 30% of fair market value of the Project or US$10,000,000. • Payment in common shares and cash	Higher of 20% of fair market value of the Project or 18,000,000 common shares. Payment all in common shares

In parallel with finalizing the amendments to the Option Agreement, the Corporation entered into a 30-year land occupation agreement (the "**Land Occupation Agreement**") with the Boquillas del Carmen Ejido. The Land Occupation Agreement allows for all forms of exploration and mining (both open pit and underground) and any other mining related activity over the 4,000Ha surface area. As consideration, Discovery paid a lump sum amount of 200,000 Mexican pesos (or the equivalent of approximately CAD$13,500) on signing and will pay 200,000 Mexican pesos annually (adjusted for inflation) over the term of the agreement.

All terms of the agreement have been adhered to and the agreements remain valid.

Significant Factors and Risks

Environmental Liabilities

The Puerto Rico Project is an exploration project at the mineral resource definition-stage with a history of mining including a mine at Puerto Rico in the early 20th century. The modem work completed thus far has been limited primarily to drilling in a limited area, prospecting, geophysical surveys, and some small-scale artisanal underground development. Planned exploration programs will require careful environmental considerations considering its location within the Maderas del Carmen Biosphere Reserve. As far as SRK could determine while creating the Puerto Rico Project Technical Report, the current environmental liabilities related to the Puerto Rico Project, if any, are negligible.

Environmental Permitting

In Mexico, surface exploration can be carried out on titled mining concessions without additional permits, as long as such activities fall within the framework of Mexican technical official norm NOM-120-SEMARNAT-201l. When drilling is planned and drill sites selected, an application must be submitted to the Secretaria del Medio Ambiente y Recursos Naturales (SEMARNAT) prior to issuing an environmental drilling permit (lnforme Preventivo).

The Puerto Rico Project is located within the Maderas del Carmen Biosphere Reserve. Mining is not prohibited, as the mining concessions are primarily within an area designated as available for sustainable use of natural resources. However, additional permits will be required for exploration and an environmental impact study is necessary for exploration activities involving surface roads and drill pads (McAnulty 2009). Jesus Miguel Hernandez Garza and Juan Reynaldo Elizondo Falcon have informed Ayubowan that an application to the Regional Director of the National Commission of Natural Protected Areas of Mexico ("CONANP") was filed on February 22, 2017 formally requesting the "regularization" of mineral exploration activities on the Puerto Rico Project property and the revision of the Handling Manual of the Maderas del Carmen Natural Protected Area. An Environmental Impact Manifest ("MIA") on the Puerto Rico Project was appended to the application.

Work towards eventual drilling permits is ongoing.

History

Historical Resource and Reserve Estimates

No resource or reserve estimates have been created for the Puerto Rico Project to date.

Past Production

The information contained within this section is taken primarily from a 2009 summary report written by consulting geologist, W Noel McAnulty, Jr. on the Puerto Rico mine prospect.

Mineralization at the Puerto Rico mine was first discovered in 1883 as an outcropping lead-silver oxide chimney, and subsequently at the more southerly Mina San Jose site. The project was leased to the Kansas City Smelting and Refining Corporation in 1896 and the Puerto Rico chimney was mined from 1896 to 1900. Some ores were smelted near the mine, but were primarily shipped by wagon to Marathon, Texas from which it was shipped by rail to El Paso, Texas for smelting. The high-grade lead-silver oxide chimney was mined out by 1900.

In 1906, ASARCO, a stock company, was formed to mine zinc oxides from the walls of the lead oxide stopes. An aerial tramway was constructed near the Puerto Rico mine to haul ores across the Rio Grande and into Texas. It was then transported to Marathon to be shipped by rail to St. Louis. Mining of the zinc oxides ended around 1918 due to the onset of the Mexican Revolution.

Minor amounts of lead oxides and lesser amounts of copper oxides were shipped to Mexican smelters via the city of Cuatro Cienegas through the early 1920s. Production is reported to be poorly documented from the 1920s to 1960s.

Mining of direct-shipping zinc oxide ores took place from the 1970s to 1985. During this time, the majority of workings on haulage levels of the Puerto Rico and San Jose mines were excavated after mantos were recognized in historic haulage crosscuts. From 1975 to 1978, Mexico's Consejo de Recursos Minerales ("**CRM**"), in partnership with the Metal Mining Agency of Japan ("**MMAJ**"), explored the Puerto Rico project. Geochemical sampling was

executed and the surface geology was mapped. No drilling was performed at the Puerto Rico or San Jose mines. However, core drilling to the north at the Papicuano lead-silver site was conducted. The CRM has measured approximately 4,000 metres of underground workings in the district as a whole and suggest that 1,000,000 tonnes of material has been mined since initial exploitation. Further description of the exploration and drilling by the CRM and MMAJ can be found in Sections 8 and 8.3.

The project was inactive until 2004 when Minera Aventureros del Yaqui and Mr. Jesus Miguel Hernandez Garza and Mr. Juan Reynaldo Elizondo Falcon staked claims and began the current small-scale mining of direct-shipping zinc, lead and copper ores.

There are reported to be over 200 historical workings in the district, with the Puerto Rico and San Jose mines accounting for over 90% of the mined tonnage. Non-mechanized mining by Mr. Hernandez and Mr. Elizondo at the Puerto Rico Project over the past three years has resulted in the sale of approximately 10,000 tonnes of nominal 20% zinc to a base metals processing plant in Monclova.

Geological Setting and Mineralization

Regional and Local Geology

The Puerto Rico Project is found within the northern extension of the Gondwanic Maya and Oaxaquia terranes. The Oaxaquia microcontinent forms a north-south trending belt of high-grade metamorphic rocks. Mesoproterozoic gneisses and anorthosites are unconformably overlain by Paleozoic marine and continental sedimentary rocks containing Gondwanic fossils. Little is known about the Maya Terrane, located to the east of Oaxaquia, and comprised of Ediacaran to Mississippian magmatic and metamorphic rocks. The Mesozoic sedimentary sequence of the Maya Terrane can be linked to that of the Oaxaquia.

From Paleozoic to present time, the Gondwanic crust underlying northern Coahuila underwent five deformation events. The Late Paleozoic Ouachita-Marathon-Sonora Orogeny resulted from the collision of a Gondwana (South America) continental margin arc against the southern margin of Laurentia (North America), leading to the closure of the Rheic ocean and the creation of foredeep and foreland basins and uplifts throughout the southern margin of Laurentia.

Progressive break-up of Pangea in the Late Triassic resulted in the opening of the Atlantic Ocean and subsidiary basins and in the shifting and rearrangement of continental blocks along the incipient plate margin. This led to the development of Mesozoic extensional to trans-tensional basins and carbonate platforms along Mexico's Gondwanic and Laurentian backbone. Opening of the Gulf of Mexico 166 million years ago (Ma) resulted in the development of normal faults that controlled positive and negative paleogeographic features in a horst-and-graben arrangement and the deposition of Triassic and Jurassic lacustrine, evaporitic, and alluvial-fan red-beds and other elastic sediments in the basins. Carbonate platforms formed atop the Paleozoic to Triassic horsts in the Aptian-Albian. The Chihuahua Trough is an approximately 150 by 350 kilometres northwest-southeast basin extending from Ciudad Juarez to close to the border of Chihuahua. Up to 1,000 metres of Upper Jurassic, Cretaceous, and Paleogene marine sediments were deposited in the Chihuahua Trough. It was rimmed by carbonate platforms and subaerial regions. Its boundaries are interpreted to be faults that controlled deposition of sediment during subsidence and that were reactivated during Laramide shortening and basin inversion. Approximately 6,000 metres of Jurassic to Cretaceous siliclastic, carbonate, and evaporitic rocks were deposited in the Sabinas Basin. The basin was bound by the Coahuila paleo-island to the south, the Burro Peyote paleo-peninsula to the north and east, and the Tamaulipas paleo-archipelago to the east. The Sabinas Basin is bound by the regional scale San Marcos and La Babia faults and contains important deposits of Mississippi Valley Type, evaporate hosted barite, fluorite, and celestine, paleo-karstic zinc-lead, and carbonate replacement deposits ("**CRD**").

Subduction processes from the Paleo-Pacific margin produced the Laramide Orogeny, which originated in the west during the Late Cretaceous and propagated east until the Eocene. Laramide shortening resulted in the inversion of the Chihuahua and Sabinas Basins into the northwest-trending Sierra Madre Oriental fold and thrust belt.

The Puerto Rico Project is located in an area of overlap of two currently active extensional systems, the Basin and Range Province and the Rio Grande Rift Province. High-angle faults reported in northern Chihuahua and Coahuila are interpreted to be associated with Basin and Range extension, and normal faulting reported in the inverted Chihuahua and Sabinas Basins suggest that the Rio Grande Rift may extend into the inverted Chihuahua Basin.

As mapped by Vergara-Martinez and Huicohea-Reyes (2007) in Figure G below, in the Boquillas del Carmen map sheet, the Permian Puerto Rico schist is the oldest unit found within the vicinity of the Puerto Rico Project. Aptian to Cenomanian carbonate sedimentation deposited the Cupido, La Pena, Glen Rose, Telephone Canyon, Edwards, McKnight, Santa Elena-Salmon Peak, Del Rio, and Buda formations, which are overlain by Cenomanian calcareous shales of the Boquillas-Eagle Ford, San Vincente-Austin, and Pen formations. Magmatic rocks are interpreted to be Oligocene in age and include, from oldest to youngest, diorite, andesite flows and intermediate tuffs, rhyolite domes and flows, granitic to syenitic intrusions, and felsic tuffs. The entire Paleozoic to Mesozoic sequence forms an east-verging fold and thrust belt with arcuate northwest-trending fold axes that are in tum mapped as being displaced by a conjugate set of southeast-trending sinistral faults and northeast trending normal faults.

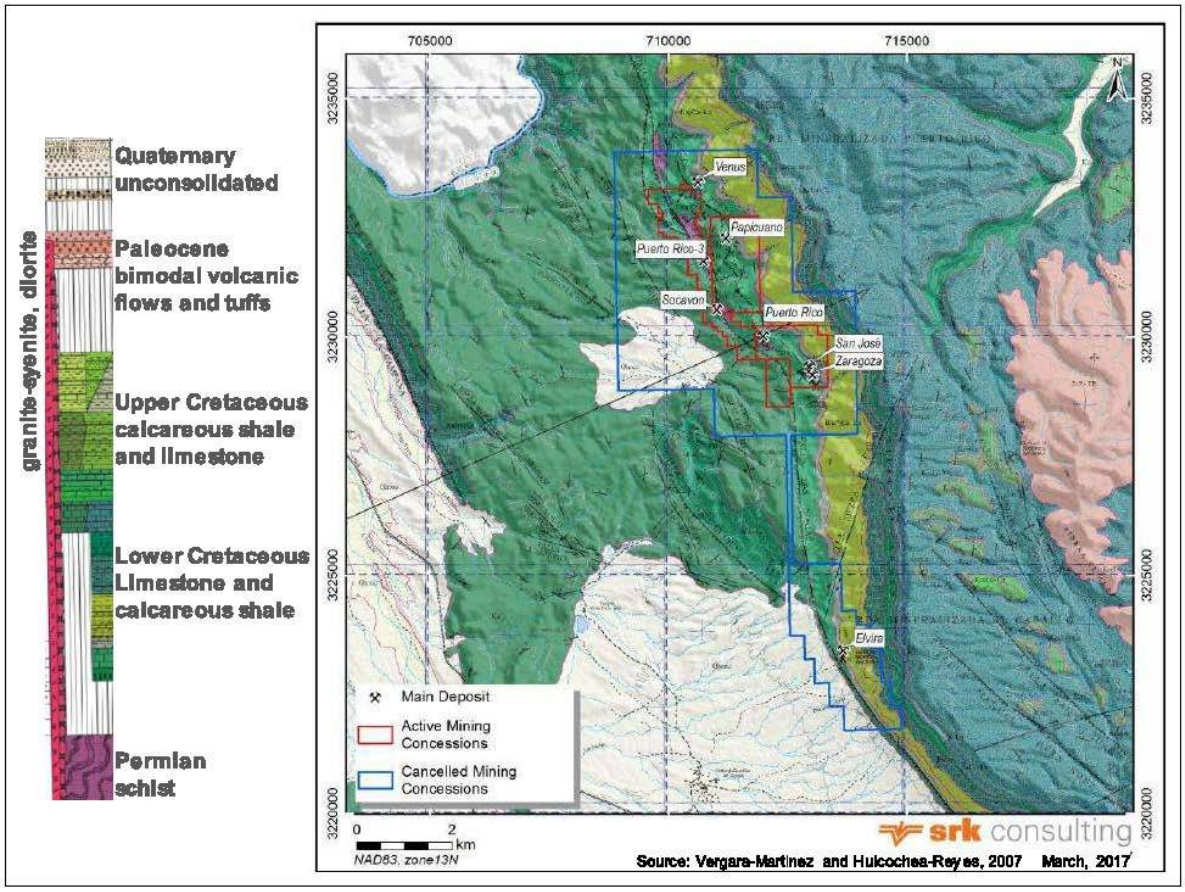


Figure G: Geology of the Boquillas del Carmen Map Sheet

Source: Vergara-Martinez and Hulcochea-Reyes (2007)

Property Geology

The joint venture between the CRM and the MMAJ conducted detailed mapping along an approximately 6 by 1.5 kilometres northwest-southeast elongated area extending from south of Mina Zaragoza to immediately north of Mina Venus, and a 2.4 by 1.5 kilometre north-northwest-trending area over the Elvira area, as set out in Figure H below. The geology of the northern area is dominated by a partially eroded, overturned anticline that forms a thrust sheet atop shallow dipping Cupido limestone beds. The core of the anticline exposes the regional Paleozoic unconformity between Paleozoic Schist and Puerto Rico Formation elastic wedge and the regional Mesozoic unconformity between Puerto Rico Formation conglomerate and platformal sedimentation. Mesozoic strata of the recessive Cupido limestone, the more resistant La Pena calcareous shale, and the cliff-forming Glen Rose limestone form the partly-preserved eastern limb of the anticline and are intruded by a fine grained, equigranular, leucocratic sill reported by the CRM as being monzonitic to syenitic and mapped continuously for an over two-kilometre strike length. West of the anticline axis, the Las Norias normal fault down drops the Glen Rose and Santa Elena formation rocks approximately

400 metres and juxtaposes them against Paleozoic rocks and Cupido Formation limestone. Carbonate replacement-style mineralization occurs along the southeast-striking Las Norias and parallel faults. Alteration of the limestone in this zone is characterized by a change from grey to a homogeneous dark reddish-brown colour resulting from iron and manganese oxyhydroxide replacement and fracture fill, whereas monzonitic sills show texture-destructive clay alteration.

Bedding measurements collected by the CRM show a noticeable westerly shift of the anticline axis in the Puerto Rico to Zaragoza mines area relative to the Venus-Papicuano and Puerto Rico-3- Socavon areas. The anticline axis varies from 326-trending in the Venus-Papicuano area to 347- trending in the Puerto Rico-3-Socav6n area, and to 139-trending in the Puerto Rico to Zaragoza area. This shift is interpreted to represent a bend in an orientation that favours the development of dilational zones during sinistral reactivation of northwest-trending thrusts and has the potential to draw in hydrothermal fluids from major corridors such as the two unconformities, the thrust fault, the Las Norias and parallel faults and injected those fluids into permeable limestones of the Cupido Formation.

The geology of the southern area consists of an approximately north-south-trending section of carbonate rocks of the Cupido, La Pefia, and Glen Rose formations in the eastern third, a north-south elongated fault bound block of Glen Rose Formation in the centre, and Santa Elena Formation carbonate rocks down dropped in the western third. Structural measurements in the southern area define a 165-trending antiform. Mineralization occurs along the easternmost normal fault.

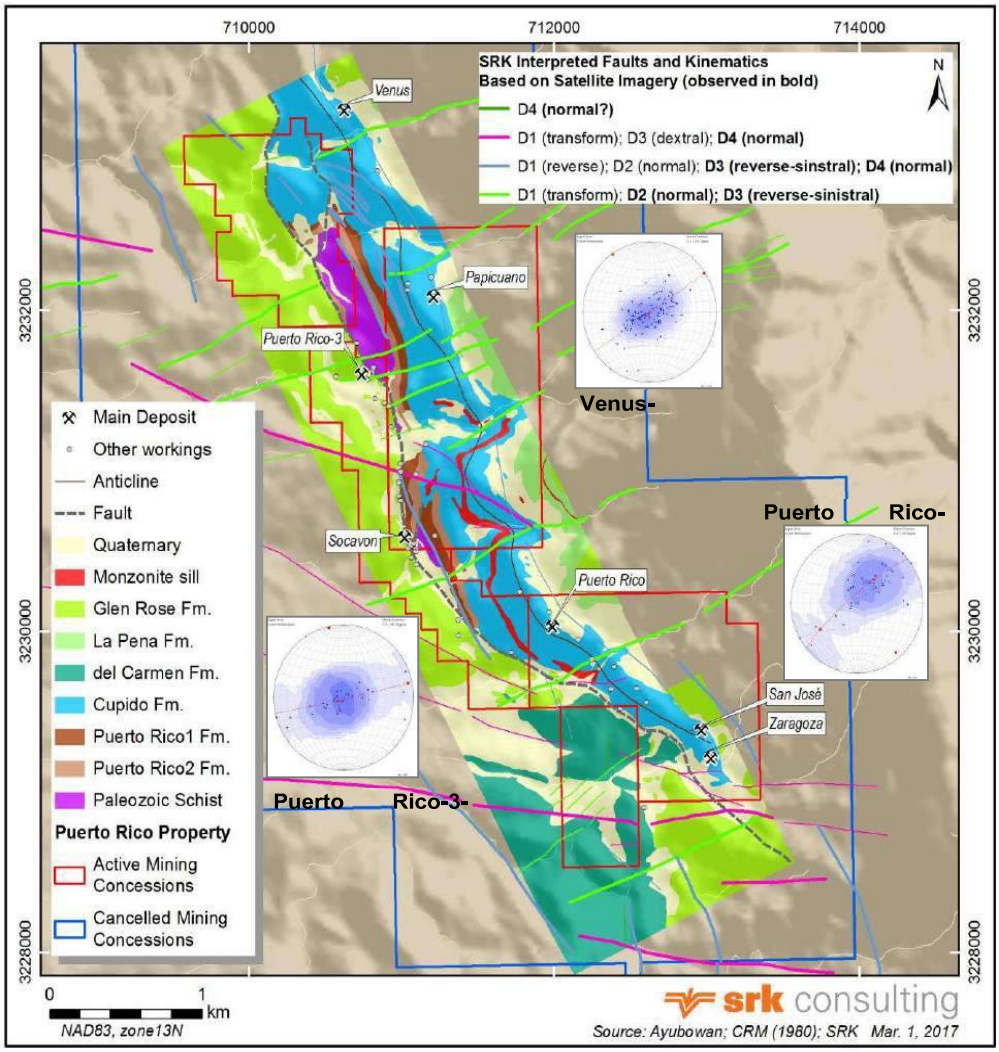


Figure H: **Local Geology Mapped by the CRM (1980), Stereonets of Poles to Bedding Planes, Faults Interpreted by SRK from Satellite Imagery of the Northern Portion of the Puerto Rico Project**

Paleozoic Schist

In the Sierra del Carmen, the Paleozoic Schist crops out over an approximately 4.5 kilometre area. In the Manuel Benavides map sheet, the Paleozoic schist is described as greenschist facies, calcareous, compact to granular texture, medium-grained, and having muscovite, calcite, opaques, and potassic feldspar as major metamorphic minerals, and calcite, muscovite, hematite, and sparse quartz as cements. Contacts with the overlying Cupido Formation are unconformable and marked by red conglomerates. The schist's lower contact is not exposed, and its true thickness is unknown; minimum thickness is estimated at 50 metres. The metamorphism of the schist is interpreted as being Permian and associated with the Ouachita-Marathon-Sonora Orogeny, and the age of deposition is interpreted as being Devonian. In the Puerto Rico Project, the Paleozoic schist displays a well developed penetrative foliation that is overprinted by a poorly- to moderately-developed crenulation. A single mineralized location is reported by the CRM (1980) in the Puerto Rico Formation. White bull quartz is widespread along the unconformable contact with the overlying Puerto Rico elastic rocks.

Puerto Rico Formation

Sanchez (1975) defines the Puerto Rico Formation as polymictic conglomerate-sandstone. The conglomerate is well cemented and poorly sorted, red to purplish-red on fresh and weathered surfaces, forms 0.2 to LO- metre-thick beds, and contains subangular to subrounded milky quartz, concretions, limestone, sandstone, and andesite clasts that range from a few millimetres to

30 centimetres within a rusty sandy-clay matrix. Contacts with the underlying schist and with the overlying Cupido Formation limestone are discordant, and the unit is estimated at 150 metres thick. Based on stratigraphic correlations with La Mula and Las Vigas formations, the Puerto Rico Formation is interpreted as being of Hauterivian to Lower Cretaceous age. Mineralization in the Socav6n area is partly hosted in the Puerto Rico Formation conglomerate in fault contact with Glen Rose Formation limestone strata shed from horsts during the opening of the Atlantic.

Cupido Formation

In the Puerto Rico Project, the Cupido Formation limestone is found as a distinct black, coarsely fossiliferous grainstone to wackestone and oolitic packstone that may constitute as a useful stratigraphic marker. Contacts with the overlying La Pena Formation are concordant, whereas contacts with Puerto Rico Formation conglomerate and sandstone are discordant. In the Puerto Rico Project, the Cupido limestone's recessive character contrasts topographically with the overlying La Pena calcareous shale and Glen Rose limestone. The Cupido Formation has an estimated thickness of 220 metres, and an age of Hauterivian-Aptian based on stratigraphic correlations of the lower Cupido Formation with the La Mula, La Virgen, and Patula formations. A depositional environment of shallow platform with agitated and well oxygenated waters allowing for abundant bioherm development is interpreted. The Cupido Formation is the main host to CRD-style base metals mineralization in the Puerto Rico Project area.

La Pena Formation

The La Pena limestone was defined by Imlay (1936) as having a carbonate basal unit, and a clay calcareous upper unit. Humphrey and Diaz (1956) restricted the La Pena Formation to the clay calcareous beds containing Duji-enoyia justinae fossils. The calcite member consists of dark grey, locally-dolomitized lime-mudstone containing nodules and concretions, whereas the calcareous shale member forms narrow, dark grey beds. Contacts with the underlying Cupido and the overlying Glen Rose formations are conformable and gradational. The thickness of the unit is measured between 58 metres and 95 metres. An Aptian age was assigned to the Cupido Formation based on stratigraphic correlations of the Otates Formation. Similar to the Cupido Formation, the depositional environment is interpreted as shallow platform. The La Pena Formation is not known to host mineralization.

Glen Rose Formation

The Glen Rose limestone was defined by Hill (1891) as a sequence of alternating magnesian fossiliferous limestone, lime mudstone to wackestone, clay rich sandstone, and crystalline, commonly oolitic limestone. Vergara-Martinez and Huicohea-Reyes (2007) distinguished at least ten lithofacies within the Glen Rose Formation. Contacts with the underlying La Pefia Formation is conformable and gradational, whereas contacts with the overlying Telephone Canyon Formation are concordant but sharp. The thickness of the unit is estimated at between 530 metres Vergara-Martinez and Huicohea-Reyes (2007) and 563 metres. A lower Albian age was assigned based on its fossil content

and on correlations with Benigno, Lagrima, and Aurora formations. A depositional environment of shallow marine to lagoonal has been interpreted for the Glen Rose Formation. A single mineralized occurrence hosted in the Glen Rose limestone is recorded by the CRM (1980).

Santa Elena Formation

The Santa Elena-Salmon Peak limestone was initially defined by Shumard (1860) as the "Washita Limestone", and made formal by Barnes (1974) as a 23-metre-thick upper member of granular cross bedded limestone with abundant concretions, caprinids, and other shell fragments, and a 115-metre thick lower member of mudstone. Contacts with the underlying Burro Peyotes Formation are conformable, and the upper contact with the Del Rio Formation is abrupt and well-marked by a change from limestone to coarse-grained dolomite sedimentation. The unit is estimated at 220 metres thick in Mexico and 104 metres in Texas. At the Elvira area in the southern portion of the Puerto Rico claims, the Las Norias and parallel normal faults downdrop the Santa Elena Formation to the west against Glen Rose and Cupido formations. Based on the caprinid species, the formation is assigned an Albian age.

Depositional environment is marked by strongly oxygenated water leading to abundant maritime fauna, and magnesium input during diagenesis. The Santa Elena limestone is commonly host to fluorite-celestite mineralization, specifically along contacts with felsic subvolcanic rocks.

Mineralization

Location of Mineralization

Puerto Rico Mine

The Puerto Rico mine is the main historical deposit on the Puerto Rico Project. Oxidized mantos and subordinate structurally-controlled chimneys are hosted in steep- to shallow- dipping Cupido Formation limestone in the overturned anticline above an easterly vergent thrust. A leucocratic, fine grained, equigranular sill of monzonitic to syenitic composition intrudes the western limb of the anticline. The northeast trending La Cubana fault is mineralized in the La Cubana portal area.

The larger stopes of the Puerto Rico Level 18 expose strongly oxidized mantos 8 to 12 metres wide consisting of pink and white zinc oxides, red to orange iron oxyhydroxides, patchy and disseminated galena, and lesser barite and copper oxides replacing steeply dipping limestone beds. The patchy and mixed colour nature of the oxide mineralization makes it difficult to estimate base metal-bearing mineral percentages and to distinguish massive from semi-massive mineralization. McAnulty (2009) estimated the main mineralized zone to be 65 metres in vertical length by approximately 100 metres horizontal length. SRK believes McAnulty's estimate to be a minimal size, and that the vertical and strike extents of the steeply dipping Puerto Rico mineralization and the La Cubana mantos have greater extents that need to be verified through adequate drilling and surveying.

Other mineralization styles include stacked 40-centimetres- to over four metres-thick shallowly dipping mantos, galena-cemented breccia, and copper-rich stacked mantos in the La Cubana area.

San Jose Mine

Stacked, strongly-oxidized, barite-bearing mantos and lesser structurally-controlled chimneys in the San Jose mine are hosted in Cupido Formation limestone. Mantos that are replacing beds in the eastern limb of the fold are flat-lying and up to 1.5 metres thick and are controlled by smaller older folds in the eastern limb, whereas mantos that are replacing the western limb dip moderately to the southwest and are up to 2.5 metres thick. This differs from the fold control over the mineralization in the Puerto Rico mine where the mantos in the eastern limb dip steeply. Stacked manto zones are up to five metres thick, with lower-grade disseminated zinc oxides and lead sulphides occurring between the mantos.

The approximately 4 by 10-metre stope in the lowest level of the San Jose mine exposes a copper oxide and carbonate cement-supported monomict breccia with subrounded clasts strongly replaced by yellow to brown oxides and chalcocite. The breccia appears open at depth and along strike.

Zaragoza Mine

Stacked, barite-calcite-rich mantas up to 60 centimetres thick have sharp contacts and form massive replacement of Cupido Formation limestone. Galena and lesser non-sulphide zinc minerals form veinlet stockwork, disseminations, monomict breccia cement and clast replacement adjacent to the mantos.

Papicuano Area

Outcrops at the Papicuano portal have a strongly bleached, pink-grey colour due to disseminated non-sulphide zinc and galena. A small adit approximately 120 metres north of the Papicuano portal exposes approximately two metres of calcite-galena veins, stockwork, and breccia above a flat-lying leucocratic sill.

Socavon Area

Several historical workings are hosted in pink-red Puerto Rico Formation calcareous conglomerate in the fault bounded block between the 140-trending Las Norias Fault and a north-northeast-trending normal fault in the Socavon area.

Elvira Area

Historical workings expose a shallowly east-southeast-dipping oxidized manto up to 60 centimetres wide, zones of calcite-galena veinlet stockwork, strongly oxidized dilational intersections between steeply- and shallowly-dipping calcite-oxide veins, and a zone of increased hardness in red aphanitic calc-silicate replacement along a north-south trending anticline axis.

Deposit Types

The Puerto Rico Project hosts polymetallic carbonate replacement deposit ("**CRD**") style mineralization across an approximately 12-kilometre, northwest-elongated corridor in the northern Mexico carbonate replacement deposit belt.

The high temperature carbonate-hosted silver-lead-zinc-copper deposits of northern Mexico are epigenetic deposits found in thick Jurassic to Cretaceous basinal sedimentary sequences dominated by carbonate. Mineralization styles include lithologically controlled stratiform mantos and structurally controlled discordant chimneys, breccias, and vein networks. Disseminated sulphides or supergene products can occur adjacent to mantos. The variety of mineralization styles shown by these deposits are representative of responses to variations in intrusive associations, depth of emplacement, host-rock characteristics, and the geochemical evolution of the individual systems. No consistent link between ore deposition and carbonate composition, facies, organic content, or insoluble components has been reported in the Mexican CRD district. However, zones of secondary enhanced porosity and permeability are considered important mineralization controls. The major polymetallic lead-zinc-silver copper districts of northern Mexico show metal sourcing to be a mixture of basin brines and magmatic sources.

Elevated zinc, lead, silver and copper are key indicators in rock samples, while other elements such as cobalt, gallium, bismuth, cadmium, vanadium, molybdenum and barium can be useful pathfinders. Stable isotopes of carbon and oxygen are another useful geochemical vectoring tool in most carbonate hosted deposit types, including CRD. Resistivity, IP, and gravity can be useful geophysical exploration tools. Tectonically disturbed zones with carbonate/oxidized elastic sequences of major basins are a regional exploration target. CRD deposits often occur as clusters or in close proximity to associated deposit types such as skarn and porphyry. Thermal maturation anomalies and clay mineral zoning can also be a useful exploration tool.

The CRD district of northern Mexico is located within a major fold and thrust belt. Regional fault, fold, and fracture systems are dominant controls on mantos and chimney. Mantos and chimneys are enclosed within carbonate rocks and are generally remote from intrusive bodies. Sulphide mantas are commonly fed by sulphide chimneys which may in tum be fed by skarn chimneys cored by dikes.

The Puerto Rico Project is underlain by platformal rocks deposited to the north of the Sabinas Basin, which served as the depositional site for approximately 6,000 metres of Jurassic to Cretaceous siliclastic, carbonate, and evaporitic rocks, and is host to numerous high temperature CRD style, as well as lower temperature fluorite-barite and MVT style deposits and prospects. CRD mineralization is interpreted to be associated with Cenozoic extensional events and magmatic pulses, although the causal pluton is not always exposed. Clusters of carbonate replacement base metal

mineralization form stratiform mantos and structurally controlled chimneys in limestone of the Cupido Formation along an approximately seven kilometre trend extending from the Venus mine to the Elvira zone.

Mineralization appears to be associated with southeast striking thrust and normal faults, and lesser so with the conjugate fault system and appears to be controlled by changes in strike of the normal faults, which are also observed as variations in anticline axis orientation. An aphanitic to fine grained leucocratic sill exposed in outcrop and mine workings is found in the eastern part of the property, but its temporal association to mineralization remains unclear.

Exploration

Surface Mapping and Sampling

Surface mapping and sampling was carried out by geological contractors on behalf of Discovery on the Puerto Rico Project claims during 2018.

An area covering the main permissive carbonate replacement style deposit host rocks was mapped on a regional scale over a 12km N-S strike length, and up to 2.5km wide where an east bounding scarp allowed access. The key outcome of the mapping program was to delineate the most permissive host rocks of the Cupido Formation over more than 6km of strike in a North to South direction, to show that the major N-S Zaragoza fault is a normal fault that drops the west side of the fault downwards creating more stratigraphic thickness of permissive stratigraphy on the west side of the fault, and to show that the Cupido Formation is also present at the south end of the property near the Elvira mine showing. Of significant interest is the occurrence of historical workings on the west side of the Zaragoza fault within the down dropped Santa Elena Formation, indicating that mineralization occurs in the thickest part of the carbonate sequence on the property. Graphic results of the mapping program are presented in Figure I-1 below.

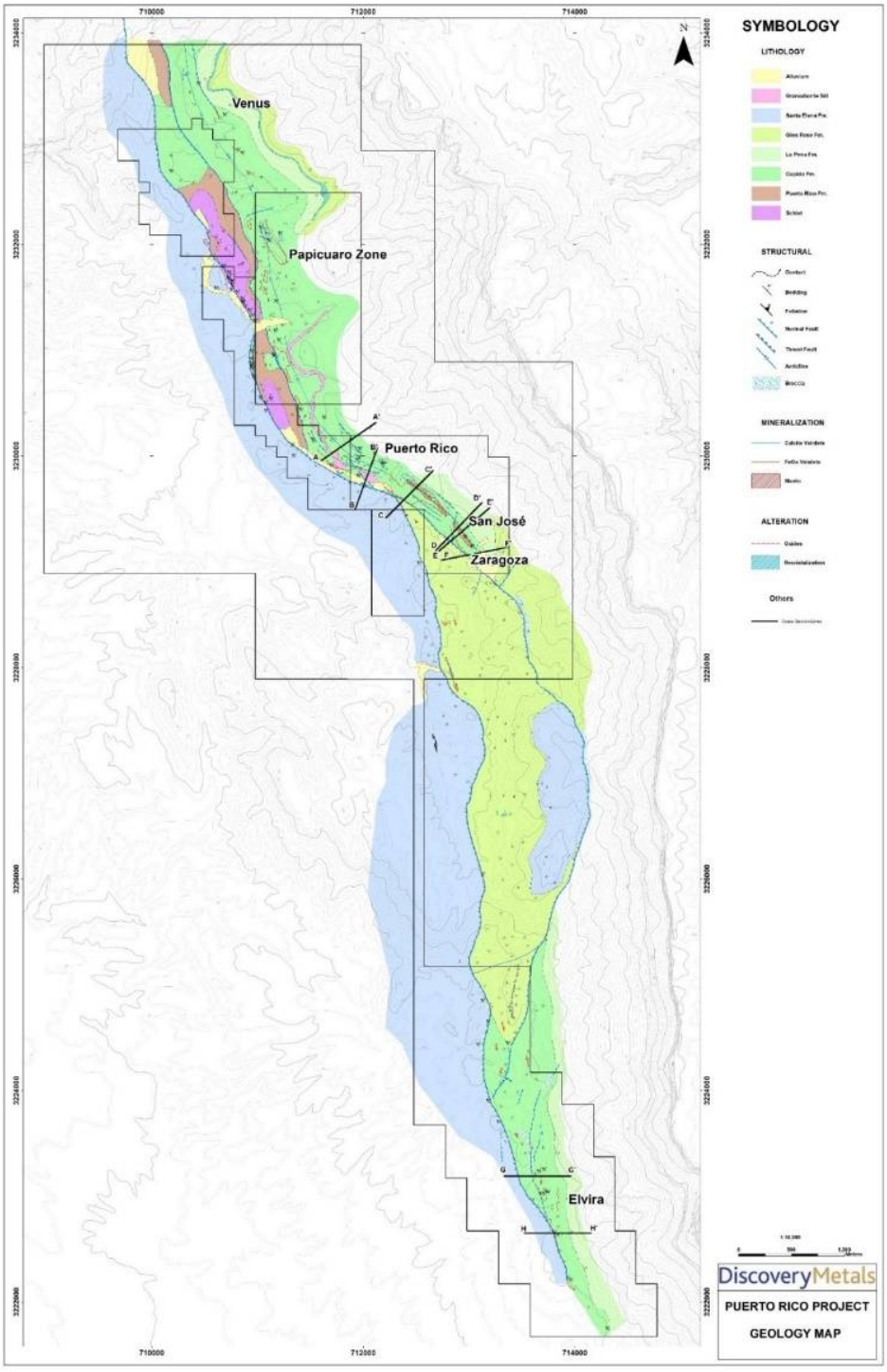


Figure I-1: Surface Mapping of Puerto Rico Project (2018)

More detailed alteration mapping was conducted in the area surrounding the historical Puerto Rico Mine and the Zaragoza Mine as illustrated in Figure I-2 below.

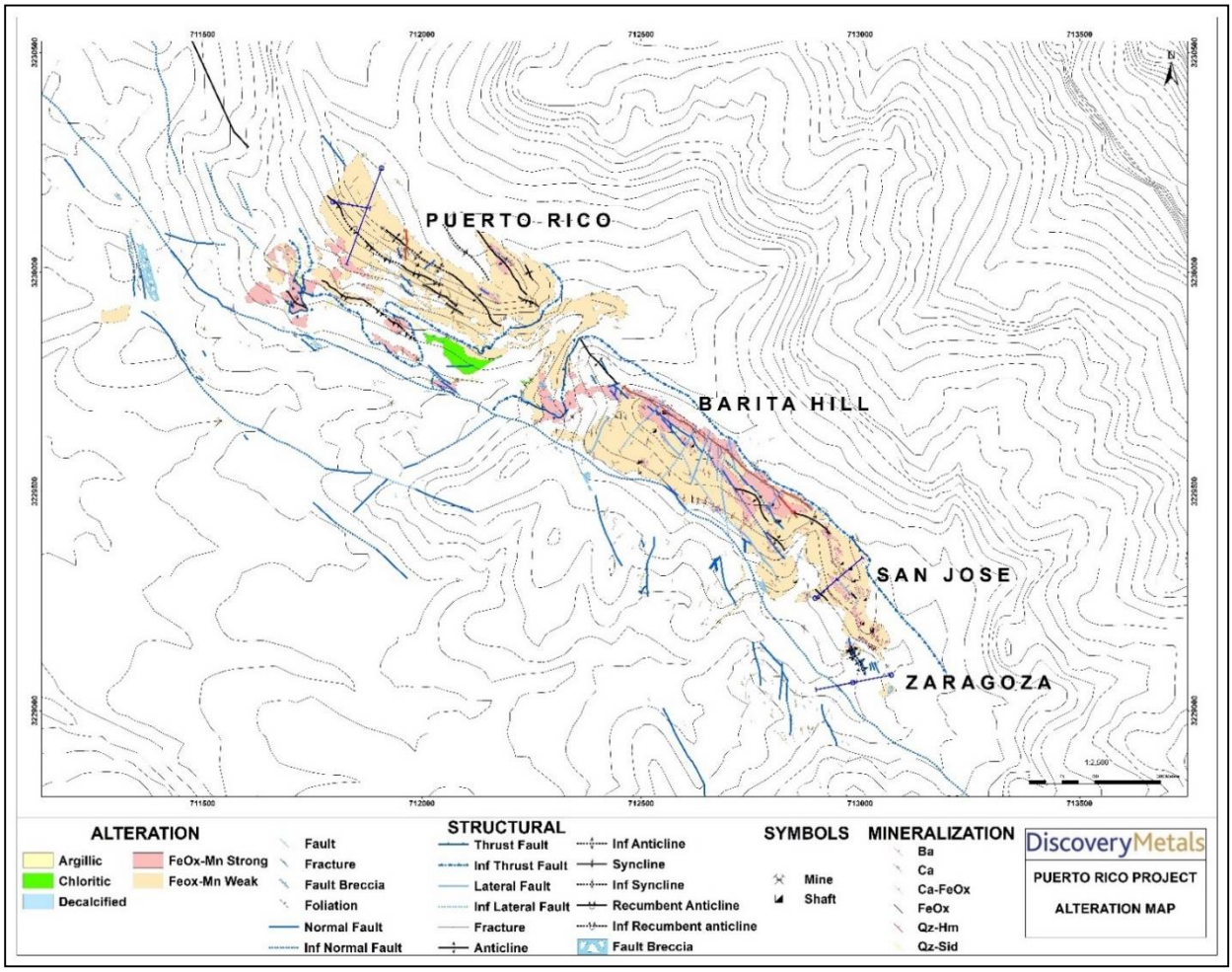


Figure I-2: Detailed Alteration Mapping of Historical Puerto Rico Mine and Zaragoza Mine

Alteration mapping highlighted areas of high prospectivity between the Puerto Rico Mine and the San Jose Mine sites. The presence of strong manganese-iron oxide alteration is very indicative of proximal carbonate replacement mineralization.

A total of 717 rock samples were taken from surface during the course of the surface mapping program.

Underground Sampling of Historical Workings

Sampling of accessible historical underground workings was performed by Discovery staff and contractors between 2017 and 2018.

Over the course of the sampling program, 221 samples were taken from 3 levels of the Puerto Rico Mine, 342 from 3 levels in the San Jose Mine, and 293 samples from 3 levels in the Zaragoza Mine.

Highlights of the sampling programs are summarized in the following Press Releases:

- November 7, 2017: "*Discovery Metals Announces High-Grade Channel Sample Results From Puerto Rico Project*"
- April 30, 2018: "*Discovery Metals Returns an Average of 157 g/t Silver + 11.7% Zinc+Lead in Mantos Across Two Levels at the Historic Zaragoza Mine, Puerto Rico Project*"

- May 24, 2018: "*Discovery Metals Reports Additional High-Grade Channel Samples From Puerto Rico Project, Averaging 182 g/t Silver, 8.6% Zinc And 3.0% Lead In Manto Mineralization Across Zaragoza Grande Level*"
- June 20, 2018: "*Discovery Returns Highest Zinc Values and Average Manto Grades To Date From Newly Sampled Zaragoza Lower Level At Puerto Rico*"
- July 18, 2018: "*Discovery Returns Strongest Grades To Date From Its Puerto Rico Project Channel Sampling Program*"
- August 23, 2018: "*Discovery Identifies Multiple High-Grade Chimneys and Mantos at the San Jose Mine, Puerto Rico Project*"
- September 27, 2018: "*Discovery Samples Multiple High-Grade Mantos and Chimneys Over 3 Levels At The Puerto Rico Mine, Puerto Rico Project*"

Drilling

Drilling at Puerto Rico was entirely a historical event and did not occur in the main areas of interest at the Puerto Rico Mine, the San Jose Mine, and Zaragoza Mine. Core drilling on the Puerto Rico Project was executed jointly by the CRM and the MMAJ from 1977 to 1982. A total of 16 core boreholes were drilled; 11 holes were drilled in the Papicuano area, two holes were drilled 400 metres southeast of Venus area, and three holes were drilled west of the Norias Fault, as shown in Figure J and Table 18 below. Few details of the core drilling are available; graphic logs with assays are accessible for boreholes BD-20 to BD-32, with the exception of BD-25, for which no information is available.

Drilling results were summarized by McAnulty (2009) and are included in the subsections below. SRK reviewed the location of the core boreholes and noted that the reported collar coordinates do not coincide with the actual locations. Borehole locations within this report have been updated to reflect the validation easting and northing coordinates collected by SRK.

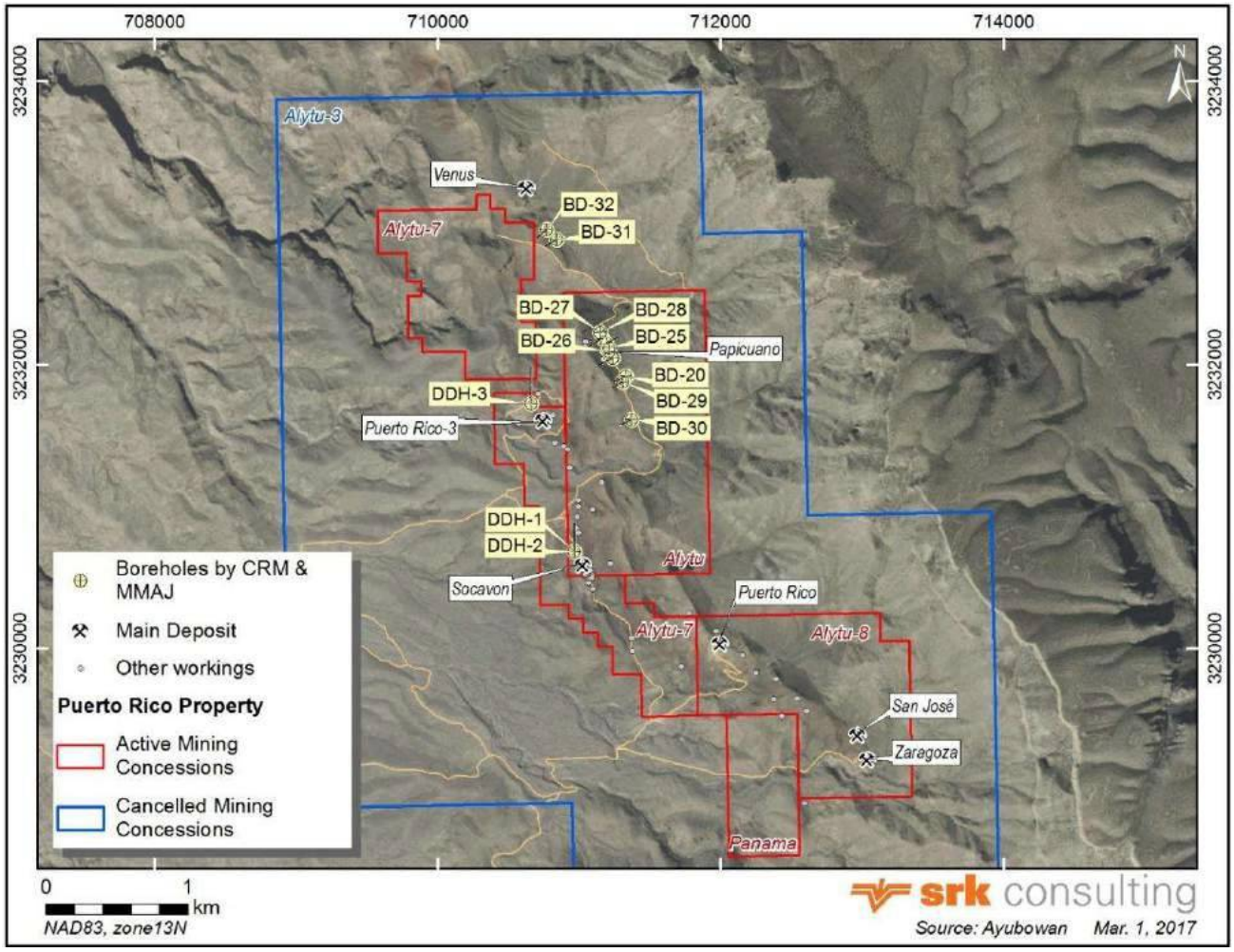


Figure J: **Map Showing the Distribution of Drilling on the Puerto Rico Project**

Table 18

Summary of Drilling Executed by CRM and the MMAJ

Borehole ID	End Date	Easting*	Northing*	Elevation	Azimuth	Dip	Length (metres)	Target
DDH-1	Nov 1977	710,966	3,230,680	964		-90	130.50	W of Las Norias Fault
DDH-2	Jan 1978	710,966	3,230,680	957		-90	200.20	W of Las Norias Fault
DDH-3	Mar 1978	710,658	3,231,726	985		-90	270.00	W of Las Norias Fault
BD-20	May 1981	711,329	3,231,916	1,160	245	-70	250.10	Papicuano area
BD-21	Sep 1981	711,239	3,232,047	1,160	245	-55	222.45	Papicuano area
BD-22	Dec 1980	711,167	3,232,188	1,145	240	-60	258.65	Papicuano area
BD-23	Feb 1981	711,167	3,232,188	1,145	260	-60	200.95	Papicuano area
BD-24	Apr 1981	711,194	3,232,148	1,150	60	-60	200.40	Papicuano area
BD-25	**N/A**	711,210	3,232,121					
BD-26	May 1981	711,212	3,232,094	1,151	240	-70	100.00	Papicuano area
BD-27	July1981	711,149	3,232,229	1,149	60	-45	204.80	Papicuano area
BD-28	Aug 1981	711,149	3,232,229	1,149	70	-70	145.30	Papicuano area
BD-29	Sep 1981	711,306	3,231,881	1,160	240	-45	127.20	Papicuano area
BD-30	May 1981	711,372	3,231,616	1,140	245	-45	136.10	Papicuano area
BD-31	Mar 1982	710,843	3,232,883	1,115	240	-50	151.10	SE of Mina Venus
BD-32	Mar 1982	710,769	3,232,953	1,120	230	-50	151.20	SE of Mina Venus
Total							**2,748.95**	

* Easting and northing coordinates collected by SRK.

Location of Drilling

West of Las Norias Fault

The drilling of boreholes DDH-1, DDH-2 and DDH-3 utilized a TGM-5A-type drill machine from Japan. Both NQ and BQ drill bit sizes were used on the three holes, and the average core recovery was 88.4%. Drilling water was pumped from a well at Ejido las Norias and transported by truck with an IO-tonne capacity carrying tank; the water was stored on-site in two plastic water tanks. Drill core was transported to a CRM warehouse in Sabinas, approximately 300 kilometres southeast, where core logging took place.

Drilling of the three boreholes west of the Las Norias Fault was based primarily on the results of the geochemical and geophysical surveys previously conducted. DDH-1 was drilled to investigate anomalous results from the geochemical exploration program, where a weak IP anomaly was also recognized. Silver, copper, lead and zinc anomalies from the geochemical exploration program, along with anomalies identified from the IP and EM geophysical surveys lead to the drilling of borehole DDH-2. Borehole DDH-3 targeted an anomalous zone identified from both the IP and EM geophysical surveys, although no geochemical anomalies were identified.

Base metal mineralization in the three holes drilled west of the Las Norias Fault zone was found to be generally weak. MMAJ (1978) reported veins filled with calcite and iron oxide accompanied with oxidized lead and zinc minerals in borehole DDH-2 and summarized notable intersections as follows:

- A 0.12-metre-thick oxide vein intersected at 56.55 metres depth yielded 1.7 parts per million (ppm) silver, approximately 0.8% zinc, 0.1% lead, and trace copper;
- A one-metre-thick fractured zone with a network of veinlets intersected at 57.35 metres depth yielded 2.9 ppm silver, approximately 0.9% zinc, 0.1% lead and trace copper;
- A 0.25-metre-thick oxide vein intersected at 58.95 metres depth yielded 16.l ppm silver, approximately 2.2% zinc, 0.2% lead and trace copper;

- A 0.2-metre-thick oxide vein intersected at 131.65 metres depth yielded 17.6 grams per tonne silver, approximately 4.4% zinc, 0.1% lead, and 0.05% copper.

Papicuano Area

In the Papicuano area, boreholes were collared along a strike length of approximately 550 metres on the eastern flank of the anticline and angled to the southwest toward the anticline axis.

Boreholes BD-27 and BD-28 were drilled in the northern Papicuano area and were collared at the same location. Borehole BD-27 did not intersect significant mineralization; the highest reported silver values were 10 to 16 ppm in scattered intercepts in the upper 20 metres of the borehole, maximum lead values were approximately 0.02%, the maximum zinc value reported was 0.08% with additional narrow intercepts of approximately 0.04%, and copper values were of trace amounts.

Borehole BD-28 intersected scattered weak mineralization in the upper 50 metres, in which several intercepts of less than one metre of 10 to 20 ppm silver were found with associated lead and zinc values below 1%. Both holes intersected an approximately 10-metre-wide monzonite body at a depth of approximately 50 metres.

Boreholes BD-22 and BD-23 were collared at the same location and both reported to have intersected good values of lead and zinc, and moderate silver near surface. A 1.5 metre intercept averaging 6.4% lead, 3.5% zinc, and 35 ppm silver at a depth of four metres in core borehole BD-23 was reported. The same zone in borehole BD-22 reported a 2.9 metre intercept averaging 5.9% lead, 1.6% zinc, and 44 ppm silver. An approximately 15-metre-wide monzonite sill was intersected in both boreholes at a depth of approximately 65 metres. High zinc values are reported in several intercepts above and below the monzonite, and within the monzonite in borehole BD-22; a maximum zinc value of 13% was reported, with several intervals greater than 6%. Accompanying lead values are relatively low; however, up to 5% lead is reported in some intercepts. Silver values accompanying the high zinc are enriched, but low; silver values average approximately 20 ppm in core borehole BD-22 and approximately 8 ppm in borehole BD-23.

Borehole BD-24 also intersected good values of lead near surface. At a depth of 15 metres, a 75- centimetre intercept reported 9.5% lead, 0.3% zinc, and 62 ppm silver. An additional 1.5 metre intercept at a depth of 21 metres reported 2.5% lead, 0.15% zinc and 20 ppm silver. A monzonite sill was intersected at a depth of 70 metres and minor zinc enrichment is reported from assayed intervals near and within the sill, ranging from 0.7% to 2%.

Borehole BD-26 reported weak silver anomalies of 25 ppm to 100 ppm from three scattered narrow intervals. A 65-centimetre intercept reported 1.5% lead, 0.32% zinc, and 37 grams per tonne silver. A 12-metre-thick monzonite sill was intersected at 70 metres depth; no lead or zinc enrichment was reported from the assayed interval near and within the sill.

Boreholes BD-20 and BD-30 were drilled along the same line of section in the southeast portion of the Papicuano zone. Silver was found enriched in the upper 120 metres of borehole BD-20; one metre thick assay intervals report silver values ranging from 20 ppm to 40 ppm with accompanying lead and zinc values below 0.1%. At 116 metres depth, an 85-centimetre intercept reported 4.2% lead, 0.08% zinc and 12 ppm silver. Both holes intersected a monzonite sill at approximately 75 metres depth with scattered weakly mineralized intervals in BD-20 slightly above and below the sill. Borehole BD-30 was not mineralized; silver values of 5 ppm were reported in assayed intervals, and lead, zinc and copper values report as trace amounts.

Boreholes BD-21 and BD-29 did not intersect significant base metal mineralization. In borehole BD- 21, most silver values ranged from 1 to 6 ppm, with maximum values of 61 and 40 ppm intersected at approximately 114 metres depth and 121 metres depth, respectively. A maximum content of 0.02% lead, 0.05% zinc, and trace copper were reported. Borehole BD-29 reported silver values ranging from 2 to 10 ppm, a maximum lead value of 0.01%, maximum zinc value of 0.03%, and maximum copper value of 0.01%. A monzonite dike was intersected from approximately 85 metres to 104 metres in borehole BD-21 and from approximately 93 metres to 111 metres in borehole BD- 29.

Venus Mine Area

Borehole BD-31 was collared on the eastern flank of the anticline and angled toward the overturned axis of the fold. From 115 metres to 132 metres, high silver values are reported; 30 to 50-centimetre wide assayed intercepts report silver values ranging from 107 to 311 ppm. Trace amounts of lead and zinc accompany the high silver values. A monzonite dike was intersected from 129.5 metres to 131 metres.

Borehole BD-32 reported weak silver anomalies; a 94-centimetre intercept at approximately 25 metres depth reported 60 ppm silver, a 40-centimetre intercept at approximately 26 metres depth reported 53 ppm silver, and a 45-centimetre intercept at approximately 121 metres depth reported 69 ppm silver. A maximum value of 1.58% zinc and maximum value of 0.31% lead were reported.

Previous drilling by the CRM and MMAJ in the Papicuano and Venus areas did not adequately target the mineralized zones, and the Puerto Rico and San Jose mines could not be drilled at the time as the claims were privately held. The available data regarding the historic drilling programs is limited, and more detailed and targeted drilling on the main mineralized zones of the Puerto Rico Project is warranted.

Sample Preparation, Analysis, and Security

Surface Samples

Discovery has a QA/QC program in place, including assurances that samples are sealed on the project site, and transported to the laboratory in company vehicles or insured courier. The Corporation maintains a policy of regularly inserting registered control reference materials and blank samples to assure that laboratory results are reliable, and this policy was used for the samples in this press release. The channel samples were taken with hammer and chisel across intervals. Samples were prepared at ALS labs in Hermosillo and Guadalajara, where they were dried, crushed, split and pulverized, then shipped to the ALS lab in Vancouver. At ALS Vancouver, samples were first assayed using the ME-ICP61a (Conventional ICP-AES) analytical package. For values of zinc greater than 10%, values of lead greater than 10%, and values of silver greater than 200 g/t, samples were re-assayed using the ME-OG62 (High-Grade Material ICP-AES) analytical package. For values of zinc greater than 30%, samples were re-assayed using the Zn-VOL50 (Potentiometric titration for Zn) analytical package. For values of lead greater than 20%, samples were re-assayed using the Pb-VOL70 (Volumetric Titration with EDTA for the Determination of Lead) analytical package.

Drilling Samples

No information is available on the sample preparation, analyses, and security procedures done on the core drilling program by CRM and MMAJ between 1977 and 1982.

Sample Security

No information regarding security of the historical drilling samples is available.

*Quality Assurance/Quality Control ("**QA/QC**")*

Certified standards and blanks were routinely inserted into all sample shipments to ensure integrity of the assay process.

The rock chip and channel samples for the surface and underground sampling programs were taken perpendicular to mineralization, with variable length (across width of mineralization, typically 0.5-2.5 m) and a minimum channel thickness of 60 mm and minimum channel depth of 30 mm. The entire volume of each chip or channel sample was transported from site by ALS and prepared at the ALS lab facilities in Zacatecas and Chihuahua facilities, with splits of pulps shipped to the ALS lab in Vancouver for analysis. Samples were analyzed for gold using (1) a standard fire assay with a 30 g pulp and Atomic Absorption (AA) finish for gold; and (2) Thirty-element inductively coupled plasma atomic emission spectrometry ("ICP-AES"). Over limit sample values were re-assayed for: (1) values of zinc > 10%; (2) values of lead > 10%; and (3) values of silver > 100 g/t. Samples were re-assayed using the ME-OG62 (high-grade material ICP-AES) analytical package. For values of zinc or lead greater than 30%, a third re-assay using the Zn-VOL50 or Pb-VOL50 (potentiometric titration) analytical

method was used while values of silver greater than 1,500 g/t, were re-assayed using the Ag-CON01 analytical method, a standard fire assay with 30 g pulp and gravimetric finish.

Data Verification

Discovery inherited the drill hole database and hard copy documentation as part of its acquisition of the Puerto Rico Project. Discovery has undertaken efforts to digitize, validate, and improve the accuracy of the Puerto Rico drill data set.

GPS locations were measured at each drill collar with a handheld GPS device. Previously reported collar coordinates do not coincide with the actual locations, and SRK therefore assigned core borehole identities on the basis of proximity to collars plotted in historical maps.

Mineral Processing and Metallurgical Testing

No processing or metallurgical testing was conducted at the Puerto Rico Project.

Mineral Resource and Mineral Reserve Estimates

No mineral resource or reserve estimates have been done for the Puerto Rico Project.

Exploration, Development, and Production

At the time of the Puerto Rico Project Technical Report, it was recommended within the report that ground and airborne geophysical surveys, geological and structural mapping, geochemical sampling, reverse circulation and core drilling, and geological and resource modelling be carried out.

Detailed mapping of the Las Norias fault and parallel faults should be executed to identify subtle bends in favourable orientations for mineralization, thrust faults should be mapped, and the internal carbonate stratigraphy of the Cupido Formation should be defined. Surficial exploration methods should be employed to characterize and test the unconformities where they are still covered by the upper limb of the overturned anticline, and to test the copper anomalies along the unconformable contacts at the core of the anticline. Induced polarization survey lines should be completed over exploration targets, including the Puerto Rico, San Jose, and Zaragoza mines to assist with sub-surface imaging of the structural geometry of the targets in preparation for drilling. Drilling in the second phase of exploration should initially focus on testing the down-dip and along strike extent of the known mineralization at the Puerto Rico, San Jose, and Zaragoza mines. Existing roads at the Puerto Rico, San Jose and Zaragoza mines can be utilized to access drill sites at each working, where seven angled HQ core boreholes of approximately 100 to 150 metres in length are recommended to be drilled toward the northeast. The strong IP and geochemical anomalies associated with the Paleozoic schist also warrant further investigation, and should be considered as part of the drilling program.

Other workings, namely the Papicuano, Socavon, Venus and Elvira zones should be investigated to confirm historical information and the presence of carbonate replacement-style mineralization, and ascertain their geological and structural setting. Any encouraging results should be followed up with drilling. Additionally, Crosta analysis of Landsat-8 visible and infrared data by SRK identified a colour anomaly similar to that of the main mineralized trend to the northwest of the Elvira area, outside of the Puerto Rico Project. This area should be investigated with geochemical sampling to determine the anomaly's merit as an additional exploration target.

Subsequent to the recommendations in the Puerto Rico Project Technical Report, Discovery completed surface mapping and sampling on a property scale, as well as completed 856 underground channel samples at three historic mines of Puerto Rico, San Jose and Zaragoza.

Recent Developments

Subsequent to the effective date of the Puerto Rico Project Technical Report, Discovery reported the on following activities at the Puerto Rico Project:

2017 Developments

- November 7, 2017: "*Discovery Metals Announces High-Grade Channel Sample Results From Puerto Rico Project*" (Press Release)

- The 32 channel samples released herein are from the southern half of the project, where three mines produced ores in the early part of the twentieth century: from north to south, the Puerto Rico, San Jose and Zaragoza Mines, with a distance of ~1.5 km between Puerto Rico and Zaragoza. Of the 32 channel samples, 13 samples are part of five "continuous channels" which comprise 2-4 side-by-side individual channel samples; the other 19 channel samples are individual channels taken from various locations at the mines; a vast majority of the samples were taken from the walls of historic drifts and stopes and three were taken from open-pit workings. The samples were all chip-cut perpendicular to the mineralization; the mineralization was mainly manto-type with some samples also from high-angle breccias, fracture zones and chimney features. Results of the five continuous channels include:

    - Continuous channel "SJ-01 to 04", from the San Jose Mine, had a weighted average grade of 18.0% zinc (Zn), 1.6% lead (Pb), 0.15% copper (Cu), and 25 grams per tonne (g/t) silver (Ag) over a total width of 10.5 metres (m). This represents a channel comprised of four continuous channel samples, with total weight of 4.94 kg, from the wall of a manto dipping at 70o SW, exposed in a stope at level +22 (i.e. 22 m above access / haulage).\

    - Continuous channel "SJ-05 & 06", from the San Jose Mine, had a weighted average grade of 17.3% Zn, 29.7% Pb, 0.44% Cu, and 519 g/t Ag over a total width of 4 m. This represents a channel of two continuous channel samples, with total weight of 3.14 kg, from the wall of a manto dipping at 60o SW, exposed in a stope at level +22.

    - Continuous channel "SJ-12 to 14", from the San Jose Mine, had a weighted average grade of 1.6% Zn, 14.3% Pb, 0.83% Cu, and 205 g/t Ag over a total width of 6 m. This represents a channel of three continuous channel samples, with total weight of 3.32 kg, from the wall of a manto dipping at 30o NE, exposed at surface (open-pit cut).

    - Continuous channel "PR-06 & 07", from the Puerto Rico Mine, had a weighted average grade of 31.1% Zn, 1.8% Pb, and 25 g/t Ag over a total width of 5 m. This represents a channel of two continuous channel samples, with total weight of 3.02 kg, from the wall of a manto dipping at 70o SW, exposed in a stope at level +25.

    - Continuous channel "PR-08 & 09", from the Puerto Rico Mine, had a weighted average grade of 24.3% Zn, 20.8% Pb, and 615 g/t Ag over a total width of 6 m. This represents a channel of two continuous channel samples, with total weight of 3.08 kg, from the wall of a vertically-dipping manto, exposed in a stope at level +25.

April 2018 Developments

- April 30, 2018: "*Discovery Metals Returns an Average of 157 g/t Silver + 11.7% Zinc+Lead in Mantos Across Two Levels at the Historic Zaragoza Mine, Puerto Rico Project*" (Press Release)

- Detailed underground channel sampling defines continuous high-grade mineralization open for expansion in all directions

Highlights

- First-ever detailed continuous sampling program carried out at Puerto Rico. Assays of 100 channels received to date, all from the Zaragoza mine ("Zaragoza"), representing one full level and half of a second level, or 128m of 330m of underground development at Zaragoza. Across Puerto Rico, to date 600 channels have been collected and the sampling program is still on-going.

- Select significant channel samples include:
    - 2.1m of 822 g/t Ag, 2.1% Zn, 2.5% Pb, 0.7% Cu, including 0.6m of 1675 g/t Ag, 2.2% Zn, 4.0% Pb and 1.1% Cu (samples 215073-74);
    - 1.8m of 55 g/t Ag, 27.9% Zn, 2.9% Pb, 0.1% Cu (samples 215065-66);
    - 3.3m of 175 g/t Ag, 2.1% Zn, 15.2% Pb, 0.2% Cu, including 1.0m of 257 g/t Ag, 0.3% Zn, and 9.5% Pb (samples 215037-38, 44);
    - 2.3m of 62 g/t Ag, 9.2% Zn, 6.5% Pb and 0.1% Cu, including 0.9m of 106 g/t Ag, 1.6% Zn, 13.3% Pb, and 0.1% Cu, (samples 215061-62);
    - 1.3m of 75 g/t Ag, 16.8% Zn, 3.2% Pb, and 0.1% Cu (sample 215092).

May 2018 Developments

- May 24th, 2018: "*Discovery Metals Reports Additional High-Grade Channel Samples From Puerto Rico Project, Averaging 182 g/t Silver, 8.6% Zinc And 3.0% Lead In Manto Mineralization Across Zaragoza Grande Level*" (Press Release)
- 90 new channel samples expand mineralized area and continue to confirm strong grades and widths at historic Zaragoza mine.
- Second batch of channel samples from the Zaragoza mine area at the Puerto Rico Project, with all 90 of the new samples from the Grande level (middle of three levels). With these results, assays from ~ 70% of Zaragoza's three levels of workings have been received.

Highlights

- 2.2m of 624 g/t Ag, 6.1% Zn, 2.5% Pb, 0.4% Cu, including 0.7m of 1,859 g/t Ag, 7.6% Zn, 5.7% Pb, and 1.0% Cu;
- 2.0m of 268 g/t Ag, 17.5% Zn, 9.8% Pb, 0.2% Cu, including 0.9m of 529 g/t Ag, 19.6% Zn, 18.2% Pb, and 0.5% Cu;
- 1.8m of 179 g/t Ag, 18.3% Zn, 12.6% Pb, and 0.1% Cu, including 0.7m of 148 g/t Ag, 27.9% Zn, 2.6% Pb, and 0.1% Cu.
- Strong grades and widths of mineralization are noted over entire workings. Fifteen of the 90 samples tested manto mineralization; the average grade (arithmetic) of manto samples is 182 g/t Ag, 8.6% Zn, 3.0% Pb, 0.1% Cu, and represents a cumulative length of approximately 100m of workings.
- The sampling program tests the three key historic mines of the Puerto Rico Project. Sampling of the Zaragoza and San Jose mine areas is complete and sampling of the Puerto Rico mine area is currently underway.

June 2018 Developments

- June 20, 2018: "*Discovery Returns Highest Zinc Values and Average Manto Grades To Date From Newly Sampled Zaragoza Lower Level At Puerto Rico*" (Press Release)

Highlights

- Positive results from 103 new channel samples from the Zaragoza mine at the Puerto Rico Project. All assays from Zaragoza have now been received.
- New results from the Zaragoza Lower level returned the highest Zn and ZnEq values on the Puerto Rico Project to date (39.6% and 45.5% respectively) and the highest manto ZnEq average grade at the Zaragoza mine, at 15.8% ZnEq (over 21 samples).

- Of the total 293 channel samples at the Zaragoza mine, 83 were from manto mineralization and returned an average grade of 129 g/t Ag, 7.6% Zn, 4.3% Pb, 0.12% Cu (12.8% ZnEq).

- The three known mantos at Zaragoza are open laterally in all directions, and chimneys are open to depth, indicating potential for additional stacked mantos below.

July 2018 Developments

- July 18, 2018: "*Discovery Returns Strongest Grades To Date From Its Puerto Rico Project Channel Sampling Program"*

Highlights

- Results received from 71 new underground channel samples, all from the Chuyon level in the San Jose mine at the Puerto Rico Project.

- Current sampling returned the highest average ZnEq manto grade of any other historic level sampled to date at the Puerto Rico Project, at 28.2% ZnEq.

- Cu values were consistently strong across the level, indicating potential proximity to an intrusive source. The highest Cu sample was 1.4m of 5.1% Cu and 43 g/t Ag. High Cu values were primarily observed in chimneys / faults, which had an average grade of 0.8% Cu, 50g/t Ag, 4.0% Zn, and 3.5% Pb (9.2% ZnEq). The main chimney has a width of up to 6m and is open along strike and vertically (at depth and above).

- The new samples also returned the two highest-grade Zn and Pb channels to date:

    - 0.5m of 97 g/t Ag, 45.6% Zn, 0.6% Pb, 0.1% Cu (47.8% ZnEq)

    - 0.7m of 440 g/t Ag, 17.2% Zn, 49.5% Pb, 0.3% Cu (58.0% ZnEq)

August 2018 Developments

- August 23, 2018: "*Discovery Identifies Multiple High-Grade Chimneys and Mantos at the San Jose Mine, Puerto Rico Project*"

Highlights

- Results were received from 157 new underground channel samples taken in the San Jose mine at the Puerto Rico Project, completing the detailed sampling program of the San Jose mine. Significant channels include:

    - 1.2m of 46.2% Zn, 0.2% Cu (46.8% ZnEq);

    - 2.3m of 199 g/t Ag, 6.8% Zn, 11.6% Pb, 0.3% Cu (18.5% ZnEq),

    - 1.7m of 27 Ag, 24.0% Zn (24.9% ZnEq);

- Three strongly mineralized mantos were identified and returned average grades of 18.1%, 15.2% and 28.2% ZnEq (32 samples). Two strongly mineralized chimneys were identified and returned average grades of 14.3% and 17.8% ZnEq (40 samples).

- Mine stope widths of 5-6m suggest substantial chimney mineralization was encountered in the past. All chimneys sampled are open along strike and to depth. All mantos sampled are also open along strike and down dip and suggest potential for additional stacked mantos below.

September 2018 Developments

- September 27, 2018: "*Discovery Samples Multiple High-Grade Mantos and Chimneys Over 3 Levels At The Puerto Rico Mine, Puerto Rico Project*"

Highlights

- Results were received from 206 new channel samples from the Puerto Rico Mine at the Puerto Rico Project, completing the detailed underground channel sampling program of the Puerto Rico, San Jose and Zaragoza Mines.
- A total of 13 separate manto horizons were identified in the three levels of workings, of which nine were accessible for sampling. Significant results include:
    - Manto 7 average – 101 g/t Ag, 9.5% Pb, 20.0% Zn (29.4% ZnEq1), over 1.8m;
    - Manto 12 average – 116 g/t Ag, 6.1% Pb, 22.5% Zn (29.5% ZnEq1), over 1.4m; and
    - Manto 8 average – 253 g/t Ag, 10.8% Pb, 11.7% Zn (24.8% ZnEq1), over 1.1m.
- 17 near-vertical mineralized faults and fractures (chimneys) were identified. These chimneys are interpreted to be feeder structures for the manto mineralization. Significant results include:
    - Chimney NW1 average – 279 g/t Ag, 27% Pb, 26.5% Zn (53.1% ZnEq1), over 0.8m;
    - Chimney NE10 average – 484 g/t Ag, 22.7% Pb, 22.1% Zn (48.8% ZnEq1) over 0.6m; and
    - Chimney NE11 average – 701 g/t Ag, 43.5% Pb, 5.9% Zn (53.1% ZnEq1), over 0.5m.
- The rock chip and channel samples were taken perpendicular to mineralization, with variable length (across width of mineralization, typically 0.5m-2.5m) and a minimum channel thickness of 60mm and minimum channel depth of 30mm. The entire volume of each chip or channel sample was transported from site by ALS and prepared at the ALS lab facilities in Zacatecas and Chihuahua facilities, with splits of pulps shipped to the ALS lab in Vancouver for analysis. Samples were analyzed for gold using (1) a standard fire assay with a 30-gram pulp and Atomic Absorption (AA) finish for gold; and (2) Thirty-element inductively coupled plasma atomic emission spectrometry ("ICP-AES"). Over limit sample values were re-assayed for: (1) values of zinc > 10%; (2) values of lead > 10%; and (3) values of silver > 100 g/t. Samples were re-assayed using the ME-OG62 (high- grade material ICP-AES) analytical package. For values of zinc or lead greater than 30%, a third re-assay using the Zn-VOL50 or Pb-VOL50 (potentiometric titration) analytical method was used while values of silver greater than 1,500 g/t, were re-assayed using the Ag-CON01 analytical method, a standard fire assay with 30g pulp and gravimetric finish.

[1]All numbers in these news releases are rounded and assays are uncut and undilute. ZnEq and AgEq calculations are based on USD $15/oz Ag, $1.25/lb Zn, $1.00/lb Pb, $3.00/lb Cu and do not consider metallurgical recovery.

DIVIDENDS AND DISTRIBUTIONS

There are no restrictions that prevent the Corporation from paying dividends or distributions. However, the Corporation has not paid any dividends or distributions on its Common Shares since incorporation and there are no plans to pay dividends at this time. At present, all available funds are invested to finance the growth of the Corporation and the exploration and development of its mineral properties. Any decision to pay dividends on its Common Shares in the future will be made by the Board from time to time, in its discretion, on the basis of many factors, including Discovery's earnings, operating results, financial condition, and anticipated cash needs and other conditions existing at such time.

DESCRIPTION OF CAPITAL STRUCTURE

Shares

The Corporation is authorized to issue an unlimited number of Common Shares. There are 257,068,666 Common Shares issued and outstanding as of the date of this AIF. Holders of Common Shares are entitled to receive notice of any meetings of shareholders of the Corporation, and to attend and to cast one vote per Common Share at all such meetings. Holders of Common Shares are entitled to receive on a pro rata basis such dividends on such Common Shares, 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 to or on a pro rata basis with the holders of Common Shares with respect to dividends or liquidation. The Common Shares do not carry any pre-emptive, subscription, redemption, retraction, surrender, or conversion or exchange rights, nor do they contain any sinking or purchase fund provisions.

The following represents the Corporation's current capital structure:

Designation of Security	Number of Shares Authorized	Outstanding on December 31, 2019	Outstanding on June 16, 2020
Common Shares	Unlimited	211,205,321	257,068,666

Warrants

The Corporation has an aggregate of 56,251,145 Warrants issued and outstanding as of the date of this AIF, as set forth below.

Non-Brokered Private Placement – August 17, 2017

Pursuant to a non-brokered private placement of the Corporation's securities that closed on August 17, 2017, the Corporation issued 32,908,960 Warrants including 427,500 Finder Warrants as compensation to certain finders who introduced subscribers to the private placement. Each such Warrant entitles the holder to acquire one Common Share at a price of $1.00. 1,244,460 of these Warrants expired unexercised on February 17, 2019. The term of the remaining 31,664,500 Warrants were extended on July 8, 2019, and each now expire on February 17, 2021.

Acquisition of Levon Resources Ltd. – August 2, 2019

Pursuant to the closing of the Levon Transaction, on August 2, 2019, the Corporation issued 1,414,168 Warrants as replacement warrants to holders of share purchase warrants of Levon. All 1,414,168 of these replacement Warrants expired unexercised on February 13, 2020.

Non-Brokered Private Placement – November 4, 2019

Pursuant to a non-brokered private placement of the Corporation's securities that closed on November 4, 2019, the Corporation issued 1,063,833 Finder Warrants fee compensation to certain finders who introduced subscribers to the private placement. Each such Warrant entitles the holder to acquire one Common Share at a price of C$0.50 per Common Share at any time prior to November 4, 2021. 9,000 of these Finder Warrants were exercised on June 9, 2020.

Non-Brokered Private Placement – May 29, 2020 and June 8, 2020

Pursuant to a non-brokered private placement of the Corporation's securities that closed in two tranches on May 29, 2020, and June 8, 2020, the Corporation issued an aggregate 22,727,267 Warrants each entitling the holder to acquire one Common Share for C$0.77 at any time prior to May 29, 2022, or June 8, 2022, and issued an additional 804,545 Finder Warrants as compensation to certain finders who introduced subscribers to the private placement. Each Finder Warrant entitles the holder to acquire one Common Share at a price of C$0.55 per Common Share at any time prior to May 29, 2022, or June 8, 2022.

Principal Shareholders

As at the date of this AIF, no person or company beneficially owns, directly or indirectly, or exercises control or direction over Common Shares carrying more than 10% of the outstanding voting rights attached to the Common Shares other than as follows:

Name	Designation of Security	Number of Securities Owned (as of the date of this AIF)	Percentage of Securities Owned (as of the date of this AIF)
2176423 Ontario Ltd.	Common Shares	62,791,911	24.43%
Merian Gold and Silver Fund	Common Shares	34,226,000	13.31%

MARKET FOR SECURITIES

Trading Activity and Volume

The Corporation's Common Shares trade on the TSX Venture Exchange under the symbol "DSV".

The following table sets forth, for the periods indicated, the reported high and low daily trading prices (in Canadian dollars) and the aggregate volume of trading of the Common Shares on the TSX Venture Exchange during the year ended December 31, 2019.

Month	Monthly High Price ($)	Monthly Low Price ($)	Monthly Volume
January	$0.25	$0.19	296,275
February	$0.22	$0.18	540,565
March	$0.25	$0.20	220,860
April	$0.29	$0.20	593,240
May	$0.25	$0.20	391,320
June	$0.235	$0.20	708,239
July	$0.46	$0.23	3,878,566
August	$0.57	$0.37	7,273,723
September	$0.74	$0.445	7,982,532
October	$0.54	$0.45	1,745,770
November	$0.53	$0.355	2,712,898
December	$0.72	$0.395	5,124,731

Prior Sales

Non-Trading Securities – Warrants

In the twelve months ended December 31, 2019, the Corporation issued the following Warrants:

Date of Grant	Number of Warrants Issued	Exercise Price (C$)	Expiry Date
August 2, 2019	1,414,168	$0.91	February 13, 2020
November 4, 2019	1,063,833	$0.50	November 4, 2021

As at the date of this AIF, there were 56,251,145 Common Shares issuable upon the exercise of outstanding Warrants at a weighted average exercise price of C$0.89 per Common Share. The Corporation closed a non-brokered private placement on May 29, 2020, and June 8, 2020, and issued 22,727,267 Warrants and 804,545 Finder Warrants. The 1,414,168 warrants issued on August 2, 2019 were replacement warrants on acquisition of Levon and expired unexercised on February 13, 2020.

Non-Trading Securities – Options

In the twelve months ended December 31, 2019, the Corporation issued the following Options:

Date of Grant	Number of Options Granted	Exercise Price (C$)	Expiry Date
August 2, 2019	4,909,300	$0.2909	August 2, 2020
August 15, 2019	5,300,000	$0.48	August 15, 2024

As at the date of this AIF, there were 19,594,500 Common Shares issuable upon the exercise of outstanding Options at a weighted average exercise price of C$0.47 per Common Share. 4,835,000 additional Options were issued in the period subsequent to December 31, 2019 to the date of this AIF with an exercise price of C$0.47 and an expiry date of April 27, 2025. 4,650,000 of these options have a vesting schedule of 1/3rd vesting immediately, and 1/3 vesting on each of the 1st and 2nd anniversary from the grant date. The remaining options have a vesting schedule of 1/8th vesting every three months beginning 90 days after grant date.

Non-Trading Securities – Restricted Share Units and Deferred Share Units

The Corporation had no RSUs or DSUs outstanding as at December 31, 2019. The Corporations RSU and DSU Plan has been approved by the Board and is an item to be ratified and the Corporation's Annual General Meeting scheduled on June 26, 2020.

The Corporation issued no RSUs or DSUs in the period subsequent to December 31, 2019 to the date of this AIF.

Share Ownership by Directors and Executive Officers

As at December 31, 2019 and as at the date of this AIF, the directors and executive officers of the Corporation, as a group, beneficially owned, or exercised control or direction over, directly or indirectly, an aggregate of 13,604,626 Common Shares and 13,155,626 Common Shares, respectively, representing approximately 6.4% and 5.1%, respectively, of the issued and outstanding Common Shares as of such dates.

On a partially-diluted basis, assuming the exercise of all Options, RSUs, DSUs, and Warrants, the directors and executive officers of the Corporation, as a group beneficially owned, or exercised control or direction over, directly or indirectly, an aggregate of 21,392,580 Common Shares representing approximately 7.5% of the issued and outstanding Common Shares as of December 31, 2019. As at the date of this AIF, the group beneficially owned, or exercised control or direction over, directly or indirectly, on a partially diluted basis, an aggregate of 26,443,580 Common Shares representing approximately 7.9% of the issued and outstanding Common Shares.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

There are 1,417,500 Common Shares currently held in escrow or subject to a pooling agreement or subject to any other contractual restriction on transfer.

Designation of Class	Number of Securities Held in Escrow or That are Subject to a Contractual Restriction on Transfer	Percentage of Class
Common Shares[(1)]	1,417,500	0.55%
Warrants	Nil	0%
Options	Nil	0%
RSUs	Nil	0%
DSUs	Nil	0%

(1) The Common Shares held in escrow are subject to time-based restrictions and are released once the contractual time-period has elapsed (every three to six months). The Common Shares are held by AST Trust Company (Canada) as escrow agent.

DIRECTORS AND OFFICERS OF THE CORPORATION

As of the date of this AIF, the name, province or state and country of residence, position or office held with the Corporation, and principal occupation for the immediately preceding five years of each of the directors and executive officers of the Corporation are as follows, with all companies listed still carrying on business as of the date hereof unless otherwise noted:

Name, Position, Residence	Principal Occupation for Five Preceding Years	Director Since
TAJ SINGH Ontario, Canada President, CEO and Director	President, CEO and Director of Discovery Metals Corp. since August 2017. VP Projects and Business Development at Alio Gold (formerly Timmins Gold Corp.) from August 2012 to July 2017.	August 17, 2017
ANDREAS L'ABBE Ontario, Canada CFO and Corporate Secretary	CFO of Discovery Metals Corp. since December 2017 and Corporate Secretary of Discovery Metals Corp. since August 2018. Director of Finance at Tahoe Resources Inc. from October 2015 to May 2017.	N/A
GERNOT WOBER Ontario, Canada VP Exploration	VP of Exploration of Discovery Metals Corp. since July 2018. VP Exploration at Osisko Mining Corp. (formerly Oban Mining Corp.) from January 2015 to June 2018.	N/A
MARK O'DEA[4][6] British Columbia, Canada Director	Director and Chairman of Liberty Gold Corp. and Director of Pure Gold Mining Inc. and Sun Metals Corp.	June 27, 2017
MURRAY JOHN[3][4][6] British Columbia, Canada Director and Chairman	Retired mining engineer, investment fund manager and mining industry executive. He is also Chairman of Prime Mining Corp., Lead Director of O3 Mining Inc., and a Director of Osisko Gold Royalties Ltd.	June 27, 2017
JESUS MIGUEL HERNANDEZ-GARZA[5] Coahuila, Mexico Director	Principal of Revi Minerals S.A. de C.V. since June 2013.	August 17, 2017
JEFF PARR[3][4] Ontario, Canada Director	Director and Audit Committee Chair of Kirkland Lake Gold Ltd. from November 2016 to May 2019. Elected Chair of the Board in May 2019.	August 20, 2017
MOIRA SMITH[5] Nevada, USA Director	Vice President, Exploration and Geoscience (formerly Chief Geologist) of Liberty Gold Corp. (formerly Pilot Gold Inc.) since April 2011	June 26, 2019
DANIEL VICKERMAN[3][6][7] London, England Director	Retired finance professional and former Managing Director, Head of UK of Beacon Securities UK, Formerly Chairman of the Board of Directors of Levon Resources Ltd.	August 2, 2019
VIC CHEVILLON[5][7] Nevada, USA Director	Retired geologist and former VP Exploration of Levon Resources Ltd. since 2009.	August 2, 2019

Notes:

(1) This information, not being within the knowledge of the Corporation, has been furnished by the respective nominees. Information provided as at the date of this AIF.

(2) The Corporation does not set expiry dates for the terms of office of Directors. Each Director holds office as long as he is elected annually by Shareholders at Annual General Meetings, unless his office is earlier vacated in accordance with the Articles of the Corporation.

(3) Member of Audit Committee.

(4) Member of Compensation Committee.

(5) Member of Health, Safety, and Sustainability Committee.

(6) Member of the Nominating and Governance Committee. Subject to the outcome of the Corporation's annual general meeting on June 26, 2020, the Corporation intends that Mr. Vickerman will chair the Nominating and Governance Committee.

(7) Daniel Vickerman and Vic Chevillon were appointed to the Board of Directors on completion of the acquisition of Levon Resources Ltd. on August 2, 2019.

The term of office of each of the Corporation's directors expires at the Corporation's next Annual General Meeting ("**AGM**") at which directors are elected for the upcoming year or when his successor is duly elected, or earlier in accordance with the by-laws of the Corporation. The next scheduled AGM will be held on June 26, 2020.

At the date of this AIF, the number and percentage of securities of each class of voting securities of the Corporation or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by all directors and executive officers of the Corporation are as follows:

Designation of Security	Number of Security Owned by Directors and Officers, as a Group	Percentage of Securities Owned by Directors and Officers, as a Group
Common Shares	13,155,626	5.1%
Warrants	1,545,454	2.7%
Options	11,742,500	59.9%
RSUs	Nil	0%
DSUs	Nil	0%

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES, OR SANCTIONS

Except as disclosed below no director or executive officer of Discovery is, as at the date of this AIF, or has been, within 10 years before the date of this AIF, a director, chief financial officer or chief executive officer of any company (including the Corporation) that:

(a) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (any such order, an "**Order**") that was issued while that person was acting in that capacity; or

(b) was subject to an Order that was issued after that person ceased to act in such capacity and which Order resulted from an event that occurred while that person was acting in that capacity.

No director or executive officer of the Corporation, or shareholder holding a sufficient number of Common Shares to materially affect the control of the Corporation:

(a) is, at the date of this AIF, or has been within 10 years before the date of this AIF, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his or her assets.

No director or executive officer of the Corporation holding a sufficient number of securities of the Corporation to affect, materially, the control of the Corporation has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

The information contained in this AIF as to ownership of securities of the Corporation, corporate cease trade orders, bankruptcies, penalties, or sanctions, and existing or potential conflicts of interest, not being within the knowledge of the Corporation, has been provided by each director and executive officer of the Corporation individually.

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

CONFLICTS OF INTEREST

Except as disclosed herein, to the knowledge of management of the Corporation, there are no existing or potential material conflicts of interest between the Corporation and any of its subsidiaries and any director or officer of the Corporation. Directors and officers of the Corporation may serve as directors and/or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Corporation or any of its subsidiaries may participate, the directors of the Corporation may have a conflict of interest in negotiating and conducting terms in respect of such participation. If such conflict of interest arises at a meeting of the Board, a director who has such a conflict is required to disclose such conflict and abstain from voting for or against the approval of such participation or such terms.

Jesus Miguel Hernandez-Garza is a Director of the Corporation and, as disclosed in a news release of the Corporation dated August 17, 2017, the Corporation is party to a mineral exploration and option agreement among Mr. Hernandez-Garza and Juan Reynaldo Elizondo Falcon (together, the "**Vendors**") and the Corporation dated April 7, 2017, pursuant to which the Corporation may exercise an option (the "**Puerto Rico Option**") to acquire certain mineral concessions located in Ocampo, Coahuila, Mexico, forming part of the Puerto Rico mining-metallurgical project (the "**Puerto Rico Project**") from the Vendors. Pursuant to the Puerto Rico Option, a cash payment of US$300,000 has been paid to the Vendors and an aggregate of 500,000 common shares in the capital of the Corporation have been issued to the Vendors, each at the closing of the option agreement. The Corporation and the Vendors amended the original terms of the Puerto Rico Option, as described in the news release dated April 25, 2019, available at www.sedar.com. The amended terms include the additional cash payment of US$300,000 owing to the Vendors, now to be paid in 15 monthly instalments upon the receipt of all necessary permits and approvals to conduct drilling activities on the Puerto Rico Mineral Concessions from the applicable authorities. There was no change to the term for the issuance of four tranches of 500,000 common shares on each anniversary of the closing of the option agreement, the first issuance occurring on the second anniversary of said closing. In addition, to fully exercise the Puerto Rico Option and acquire the Puerto Rico Project, the issuance of additional common shares representing the greater of (a) 20% of the market value of the Puerto Rico Project as determined by an independent valuation (original term was the higher of 30% or US$10,000,000), or (b) 18,000,000 common shares taking into account Common Shares already issued to the Vendors and the completion of 12,000m of drilling within three years after receipt of the drill permit (original term was $12,500,000 minimum spend within five years). In addition to the Puerto Rico Option, the Corporation and the Vendors entered into additional mineral concessions as described in the news release dated April 7, 2017, as available at www.sedar.com.

PROMOTERS

The Corporation has no promoters other than its directors and officers.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Except as otherwise disclosed in this AIF, the Corporation is not currently, and has not at any time during its most recently completed financial year, been a party to, nor has any of its property been the subject of, any material legal proceedings or regulatory actions. The Corporation is not aware of any such proceedings or actions threatened or known to be contemplated.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed in this AIF, no director, executive officer, or shareholder beneficially owning or exercising control or direction over, directly or indirectly, more than 10% of the Common Shares, and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction during the current fiscal year or within the three most recently completed financial years or in any proposed transaction which, in either such case, has materially affected or is reasonably expected to materially affect the Corporation.

TRANSFER AGENT AND REGISTRAR

As of the date of this AIF, the registrar and transfer agent for the Corporation's Common Shares is AST Trust Company (Canada), located at 1066 West Hastings Street, Suite 1600, Vancouver, BC V6E 3X1.

MATERIAL CONTRACTS

The only material contracts entered into by the Corporation, during the most recently completed financial year until the date of this AIF or before the most recently completed financial year of the Corporation but which are still in effect are all in the normal course of business and have therefore not been filed with the Canadian securities regulatory authorities.

INTERESTS OF EXPERTS

The Corporation relies on experts to audit its annual consolidated financial statements, and to prepare mineral resource estimates on certain of the Corporation's mineral properties, and related technical reports.

Qualified Persons

Each of the authors of the following Technical Reports referenced in this AIF is a Qualified Person:

Technical Report	Qualified Person
Cordero NI 43-101 Technical Report – Preliminary Economic Assessment Update (effective date March 1, 2018, issue date April 18, 2018)	Daniel H. Neff, P.E. (M3 Engineering & Technology Corporation) Thomas Drielick, P.E. (M3 Engineering & Technology Corporation) Richard K. Zimmerman, P.G., SME-RM (M3 Engineering & Technology Corporation) Herb E. Welhener, MMSA-QPM (Independent Mining Consultants, Inc.)
Cordero Project September 2014 Mineral Resource Update – Chihuahua, Mexico Technical Report (October 15, 2014)	Herbert E. Welhener, MMSA-QPM (Independent Mining Consultants, Inc.)

Technical Report	Qualified Person
Independent Technical Report for the Puerto Rico Carbonate Hosted Polymetallic Project, Coahuila, Mexico (effective and dated June 12, 2017)	Ana Fonseca, P.Geo. (SRK Consulting (Canada) Inc.) Dominic Chartier, P.Geo. (SRK Consulting (Canada) Inc.

In the case of the following news releases issued by the Corporation (available under the Corporation's profile on SEDAR at www.sedar.com), from which certain Technical Information contained in this AIF has been derived, Gernot Wober, P.Geo.**,** an officer of the Corporation, is a Qualified Person:

Cordero News Releases

- May 7, 2020: *Discovery Drills 168.8 m of 207 g/t AgEq, Comprised of 70 g/t Ag, 0.10 g/t Au, 1.5% Pb & 1.9% Zn, Along North-East Extension at its Cordero Project, Mexico*
- April 28, 2020: *Discovery Reports 2019 Annual Financial Results & Q4 Operating Results and Grants Stock Options*
- April 7, 2020: *Discovery Drills 1.0 m of 2,153 g/t AgEq as well as 62.8 m of 217 g/t AgEq at its Cordero Project, Mexico*
- February 12, 2020: *Discovery Drills 105.9 metres of 188 g/t Silver Equivalent at its Cordero Project, Mexico*
- January 8, 2020: *Discovery Drills 34.7 metres of 617 g/t Silver Equivalent, Including 3.7 metres of 2,524 g/t Silver Equivalent, at its Cordero Project*
- September 10, 2019: *Discovery Metals Announces Mobilization for 35,000m Drill Program at its Cordero Project*
- September 10, 2019: *Discovery Metals Announces Clarification of News Release Issued September 10, 2019*

Puerto Rico News Releases

- April 25, 2019: *Discovery Metals Amends Terms of Puerto Rico Option Agreement and Signs 30-Year Exploration and Mining Agreement with Ejido*
- April 3, 2019: *Discovery Advances to Final Stages of Land Re-Designation Process at its Puerto Rico Project*
- September 27, 2018: *Discovery Samples Multiple High-Grade Mantos and Chimneys Over 3 Levels at the Puerto Rico Mine, Puerto Rico Project*
- August 23, 2018: *Discovery Identifies Multiple High-Grade Chimneys and Mantos at the San Jose Mine, Puerto Rico Project*
- July 18, 2018: *Discovery Returns Strongest Grades to Date from its Puerto Rico Project Channel Sampling Program*
- June 20, 2018: *Discovery Returns Highest Zinc Values and Average Manto Grades to Date From Newly Sampled Zaragoza Lower Level at Puerto Rico*
- May 24, 2018: *Discovery Metals Reports Additional High-Grade Channel Samples from Puerto Rico Project, Averaging 182 g/t Silver, 8.6% Zinc And 3.0% Lead in Manto Mineralization Across Zaragoza Grande Level*
- April 30, 2018: *Discovery Metals Returns an Average of 157 g/t Silver + 11.7% Zinc+Lead in Mantos Across Two Levels at the Historic Zaragoza Mine, Puerto Rico Project*
- November 7, 2017: *Discovery Metals Announces High-Grade Channel Sample Results from Puerto Rico Project*

Other than as described below, based on information provided by the experts as at the date of this AIF, the experts named above did not have any registered or beneficial interest, direct or indirect, in any securities or other property of the Corporation or one of its associates or affiliates, when the experts prepared their respective reports, and no securities or other property of the Corporation or one of its associates or affiliates were subsequently received or are to be received by such experts.

Auditors

The Corporation's auditors are PricewaterhouseCoopers Inc. (the "**Auditors**"), Chartered Professional Accountants, who have prepared an independent auditor's report dated April 24, 2020 in respect of the Corporation's consolidated financial statements as at December 31, 2019 and December 31, 2018 and for years then ended. The Auditors have advised that they are independent with respect to the Corporation within the meaning of the Chartered Professional Accountants of Canada's Code of Professional Conduct.

BOARD COMMITTEES

The Board has four standing committees: (i) Audit; (ii) Compensation; (iii) Nominating and Governance; and (iv) Health, Safety and Sustainability. Details as to the composition and mandate of the audit committee of the Board (the "**Audit Committee**"), are described in this AIF under the heading "*Information Concerning the Audit Committee and External Auditor*"; details related to the mandates and composition of the Compensation, Nominating and Governance, and Health, Safety and Sustainability Committees are described in the Corporation's Information Circular dated May 12, 2020, filed on SEDAR at www.sedar.com.

INFORMATION CONCERNING THE AUDIT COMMITTEE AND EXTERNAL AUDITOR

Audit Committee Charter

The Corporation's Audit Committee has a written charter to follow in carrying out its audit and financial review functions (the "**Audit Committee Charter**"), a copy of which is attached to this AIF as Schedule A. The Audit Committee reviews all financial statements of the Corporation prior to their publication, reviews audits, considers the adequacy of audit procedures, recommends the appointment of independent auditors, reviews and approves the professional services to be rendered by them, and reviews fees for audit services. The Audit Committee meets separately (without management present) with the Corporation's auditors to discuss the various aspects of the Corporation's financial statements and the independent audit.

The Corporation has also adopted a code of ethics (the "**Code of Ethics**") that applies to all personnel of the Corporation. A copy of the Code of Ethics is attached as Schedule B to this AIF. Employees of the Corporation are encouraged to report suspected violations of the Code of Ethics to the 'Complaints Officer'. The Complaints Officer is the Chair of the Audit Committee.

Composition of the Audit Committee

The Audit Committee was constituted on September 13, 2017 by resolution of the Board. As of the date of this AIF, the members of the Audit Committee are Jeffrey Parr, Murray John and Daniel Vickerman, each of whom is "independent" and "financially literate" for the purposes of National Instrument 52-110 – *Audit Committees*.

Relevant Education and Experience

The following is a description of the education and experience of each Audit Committee member that is relevant to the performance of his or her responsibilities as an Audit Committee member:

Jeffrey Parr

Mr. Parr is a Chartered Professional Accountant (CPA, CA 1984) and holds a Master of Business Administration from McMaster University and a Bachelor of Arts in Economics from the University of Western Ontario. Mr. Parr has over 30 years of executive management experience in the mining and service provider industries. He joined Centerra Gold in 2006 and was appointed Chief Financial Officer in 2008 where he served until his retirement in 2016. From 1997 to 2006 he worked for Acres International as Chief Financial Officer and from 1988 to 1997, held progressively senior financial positions at WMC International (a subsidiary of Western Mining Corporation responsible for operations and

exploration in the Americas), ultimately serving as the Corporation's Executive Vice President. He is also a member of the Board and Chair of the Audit Committee of Kirkland Lake Gold Ltd.

Mr. Parr is a member of the Canadian Institute of Chartered Professional Accountants and has obtained the ICD.D designation from the Institute of Corporate Directors.

Murray John

Mr. John is currently Chairman of Prime Mining Corp, Lead Director O3 Mining Inc. and Directors of Osisko Gold Royalties Ltd. Prior to retirement in December 2014, Mr. John was President and Chief Executive Officer of Dundee Resources Limited, a private resource-focused investment company, and Managing Director and a Portfolio Manager with Goodman Investment Counsel, where he was responsible for managing resource and precious metals focused mutual funds and flow-through limited partnerships. Mr. John is the former President and Chief Executive Officer of Corona Gold Corporation and Ryan Gold Corp. He is also a former director of several other public companies including Breakwater Resources Ltd., Dundee Precious Metals Inc. and Osisko Mining Inc. He has been involved with the resource investment industry since 1992 and has worked as an investment banker, buy-side mining analyst, sell-side mining analyst and portfolio manager. Mr. John graduated from the Camborne School of Mines in 1980 with a B. Sc (Hons) in mining engineering and has extensive industry experience working as a mining engineer for Strathcona Mineral Services Ltd., Nanisivik Mines Ltd. and Eldorado Nuclear Limited. He also received a Master of Business Administration from the University of Toronto in 1992.

Daniel Vickerman

Mr. Vickerman joins the Board through Discovery's recent merger with Levon where he was Board Chairman. Mr. Vickerman is a seasoned institutional sales and corporate finance professional with 25 years of experience in the financial industry and formerly, Managing Director, Head of UK of Beacon Securities UK and former Managing Director, Head of UK for Edgecrest Capital. Prior to joining Edgecrest Capital UK, Mr. Vickerman was Managing Director, Co-Head of Canadian Equity Sales UK at Canaccord Genuity Corp. Mr. Vickerman also formerly worked at Thomas Weisel Partners Group Inc. where he served as Senior Vice President. Daniel spent over four years at a London based Alternative asset manager with over $400 million in assets under management, trading commodities and FX. Mr. Vickerman has extensive experience working with mineral exploration and development companies, raising over $1 billion for private and listed companies. Recently Mr. Vickerman has raised over $100 million for U.S and Canadian Cannabis companies. He holds a Bachelor of Arts, Economics from the University of Western Ontario.

Auditors

PricewaterhouseCoopers Inc. has been the Corporation's external auditor since September 13, 2017. The Auditors conduct the annual audit of Discovery's consolidated financial statements and on occasion, provides audit-related, tax and other services. The Auditors report to the Audit Committee.

Reliance on Certain Exemptions

Since the commencement of the financial year ended December 31, 2019, Discovery has not relied on any of the following:

(a) the exemption in section 2.4 of National Instrument 52-110 – *Audit Committees* ("**NI 52-110**") (De Minimis Non-audit Services);

(b) the exemption in section 3.2 of NI 52-110 (*Initial Public Offerings*);

(c) the exemption in section 3.4 of NI 52-110 (*Events Outside Control of Member*);

(d) the exemption in section 3.5 of NI 52-110 (*Death, Disability or Resignation of Audit Committee Member*);

(e) an exemption from of NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (*Exemptions*);

(f) the exemption in subsection 3.3(2) of NI 52-110 (*Controlled Companies*);

(g) the exemption in section 3.6 of NI 52-110 (*Temporary Exemption for Limited and Exceptional Circumstances*); or

(h) the exemption in section 3.8 of NI 52-110 (*Acquisition of Financial Literacy*).

Audit Committee Oversight

At no time during the fiscal year ended December 31, 2019 was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Pre-Approval Policies and Procedures

As of the date of this AIF, the Audit Committee has not adopted specific policies or procedures for the engagement of non-audit services.

External Auditor Service Fees

The following table shows the fees paid, net of 5% administrative surcharge, by the Corporation to the Auditors for services in the years ended December 31, 2019 and December 31, 2018:

	Year Ended December 31, 2019	**Year Ended December 31, 2018**
Audit Fees	$15,750	$16,250
Audit-Related Fees	$31,500	$31,500
Tax Fees	$4,200	$9,450
All Other Fees	$10,500	Nil
Total	$61,950	$67,200

For 2019, the external auditors have unbilled work of approximately US$38,000 for audit work performed in Mexico. In 2019 and 2018, audit-related fees primarily related to fees paid entirely for interim reviews and related procedures of the Corporation's quarterly financial statements. In the year ended December 31, 2019, All Other Fees primarily related to work performed by the Auditors on the Corporation's acquisition of Levon.

ADDITIONAL INFORMATION

Additional information, including particulars of directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, where applicable, is contained in the Corporation's Information Circular. Additional financial information is also provided in Audited Financial Statements, the Interim Financial Statements, and the related MD&A's.

A copy of such documents, and of this AIF, as well as additional information relating to the Corporation, is available on SEDAR under the Corporation's profile at www.sedar.com. Copies may also be obtained upon request from the Corporate Secretary of the Corporation. The Corporation may require payment of a reasonable charge if the request is made by a person who is not a holder of securities of the Corporation. Information on the Corporation's website is not part of this AIF or incorporated by reference.

Additional information relating to the Corporation may be found on SEDAR under the Corporation's profile at www.sedar.com.

SCHEDULE A – AUDIT COMMITTEE CHARTER

This Charter governs the operations of the Audit Committee (the "**Committee**") of Discovery Metals Corp. ("**Discovery Metals**" or the "**Corporation**").

Purpose

The purpose of the Committee shall be to provide assistance to the board of directors of the Corporation (the "**Board**") in fulfilling its oversight responsibility to the shareholders of the Corporation, potential shareholders, the investment community and others, relating to: (i) the integrity of the Corporation's financial statements; (ii) the Corporation's compliance with legal and regulatory requirements relating to disclosure of financial information and any other matters as may be required; and (iii) the independent auditors' qualifications and independence.

The Committee shall retain and compensate such outside legal, accounting or other advisors as it considers necessary in discharging its role. In fulfilling its purpose, the Committee shall maintain free and open communication between the Committee, the independent auditors and management of the Corporation, and determine that all parties are aware of their responsibilities.

Composition

- The Committee shall be composed of three or more directors as shall be designated by the Board from time to time.
- Sufficient members of the Committee shall be "independent" and "financially literate" (as such terms are defined under applicable securities laws and exchange requirements for audit committee purposes) so as to comply with applicable securities laws and stock exchange rules.
- Each member of the Committee shall be able to read and understand fundamental financial statements, including a company's balance sheet, income statement and cash flow statement.
- At least one member of the Committee shall have sufficient experience to be considered a Financial Expert, where such determined by having been a chief financial officer, chartered or certified public accountant, certified management accountant, or partner of an accounting firm.
- Members of the Committee shall be appointed at a meeting of the Board, typically held immediately after the annual shareholders' meeting. Each member shall serve until his/her successor is appointed unless he/she shall resign or be removed by the Board, or he/she shall otherwise cease to be a director of the Corporation. Any member may be removed or replaced at any time by the Board.
- Where a vacancy occurs at any time in the membership of the Committee, it may be filled by a vote of a majority of the Board.
- The Chair of the Committee may be designated by the Board or, if it does not do so, the members of the Committee may elect a chair by vote of a majority of the full Committee membership. The Chair of the Committee shall be an independent director (as described above); the position of Chair of the Committee shall not be filled by the current Chair of the Board.
- If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee present at the meeting shall be chosen by the Committee to preside.
- The Committee shall appoint a secretary (the "**Secretary**") who need not be a member of the Committee or a director of the Corporation. The Secretary shall keep minutes of the meetings of the Committee. This role is normally filled by the Secretary of the Corporation.
- No Committee member shall simultaneously serve on the audit committee of more than two other public companies with active business operations or significant assets.

Meetings

- The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements, provided that meetings of the Committee shall be convened whenever requested by the external auditors (the "**Independent Auditors**") or any member of the Committee.
- The Chair of the Committee shall prepare and/or approve an agenda in advance of each meeting.
- Notice of the time and place of every meeting may be given orally, in writing, by facsimile or by e-mail to each member of the Committee at least 48 hours prior to the time fixed for such meeting.
- A member may in any manner waive notice of the meeting. Attendance of a member at the meeting shall constitute waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called.
- Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.
- A majority of Committee members, present in person, by videoconference, by telephone or by a combination thereof, shall constitute a quorum.
- If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the second adjourned meeting a quorum as hereinbefore specified is not present, the quorum for the adjourned meeting shall consist of the members then present.
- If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.
- At all meetings of the Committee, every question shall be decided by a majority of the votes cast. In case of an equality of votes, the matter will be referred to the Board for decision. Any decision or determination of the Committee reduced to writing and signed by all of the members of the Committee shall be fully effective as if it had been made at a meeting duly called and held.
- The CEO and CFO are expected to be available to attend meetings, but a portion of every meeting will be reserved for in camera discussion without the CEO or CFO, or any other member of management, being present.
- The Committee may by specific invitation have other resource persons in attendance such officers, directors and employees of the Corporation and its subsidiaries, and other persons, including the Independent Auditors, as it may see fit, from time to time, to attend at meetings of the Committee.
- The Board may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.
- The Committee shall have the right to determine who shall and who shall not be present at any time during a meeting of the Committee.
- Minutes of Committee meetings shall be sent to all Committee members.
- The Chair of the Committee shall report periodically the Committee's findings and recommendations to the Board.

Duties and Responsibilities

The Committee has the responsibilities and powers set forth in this Charter. Management is responsible for the preparation, presentation and integrity of the Corporation's financial statements, for the appropriateness of the accounting principles and reporting policies that are used by the Corporation and for implementing and maintaining internal control over financial reporting. The Independent Auditors are responsible for auditing the Corporation's financial statements and, if requested by the Committee, for reviewing the Corporation's unaudited interim financial statements.

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the Independent Auditors as well as any officer of the Corporation, or legal counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Corporation and has the authority to retain, at the expense of the Corporation, special legal, accounting, or other consultants or experts to assist in the performance of the Committee's duties.

The Corporation believes that, in carrying out the Committee's responsibilities, its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The Committee will take appropriate actions to set the overall corporate "tone" for quality financial reporting and ethical behaviour.

The following shall be the principal duties and responsibilities of the Committee and the Chair of the Committee (the "**Chair**"). These are set forth as a guide with the understanding that the Committee may supplement them as it considers appropriate.

A. Chair

To carry out its oversight responsibilities, the Chair of the Committee shall undertake the following:

- provide leadership to the Committee with respect to its functions as described in this Charter and as otherwise may be appropriate, including overseeing the logistics of the operations of the Committee;
- chair meetings of the Committee, unless not present (including in camera sessions), and report to the Board following each meeting of the Committee on the findings, activities and any recommendations of the Committee;
- ensure that the Committee meets on a regular basis and at least four times per year;
- in consultation with the Committee members, establish a calendar for holding meetings of the Committee;
- establish the agenda for each meeting of the Committee, with input from other Committee members, and any other parties, as applicable;
- ensure that Committee materials are available to any director on request;
- act as liaison and maintain communication with the Chair of the Board (or Lead Director if an individual other than the Chair) and the Board to optimize and coordinate input from Board members, and to optimize the effectiveness of the Committee. This includes, at least annually and at such other times and in such manner as the Committee considers advisable, reporting to the full Board on:
    - all proceedings and deliberations of the Committee;
    - the role of the Committee and the effectiveness of the Committee in contributing to the objectives and responsibilities of the Board as a whole; and
    - principal operating and business risks identified by management and how each are either mitigated or managed.
- ensure that the members of the Committee understand and discharge their duties and obligations;
- foster ethical and responsible decision making by the Committee and its individual members;

- encourage Committee members to ask questions and express viewpoints during meetings;
- together with the Corporate Governance and Nominating Committee, oversee the structure, composition, membership and activities delegated to the Committee from time to time;
- ensure that resources and expertise are available to the Committee so that it may conduct its work effectively and efficiently and pre-approve work to be done for the Committee by consultants;
- facilitate effective communication between members of the Committee and management;
- encourage the Committee to meet in separate, regularly scheduled, non-management, closed sessions with the Independent Auditors;
- attend each meeting of shareholders to respond to any questions from shareholders as may be put to the Chair; and
- perform such other duties and responsibilities as may be delegated to the Chair by the Board from time to time.

B. Committee

- The Committee shall be responsible for advising the Board, for the Board's recommendation to shareholders, in respect of the appointment, compensation and retention of the Independent Auditors.
- The Committee shall be directly responsible for the oversight of the work of the Independent Auditors (including resolution of any disagreements between management and the auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation, and the Independent Auditors must report directly to the Committee.
- At least annually, the Committee shall obtain and review a report by the Independent Auditors describing: (i) the firm's internal quality control processes; (ii) any sanctions made by any government or professional authorities respecting independent audits carried out by the firm and any steps taken to deal with any such issues; and (iii) all relationships between the Independent Auditors and the Corporation.
- After reviewing the foregoing report and the Independent Auditors' work throughout the year, and after receiving written confirmation from the auditors declaring their independence, the Committee shall evaluate the auditors' qualifications, performance and independence. Such evaluation shall include the review and evaluation of the lead partner of the Independent Auditors and take into account the opinions of management and any other Corporation personnel involved in the preparation of the Corporation's financial statements.
- The Committee shall determine that the Independent Auditors have a process in place to address the rotation of the lead audit partner and other audit partners servicing the Corporation's account as required under Canadian independence standards.
- The Committee shall pre-approve all audit and non-audit services provided by the Independent Auditors and shall only engage the Independent Auditors to perform non-audit services permitted by law or regulation. The Committee may delegate pre-approval authority to a member of the Audit Committee. The decisions of any Committee member to whom pre-approval authority is delegated must be presented to the full Committee at its next scheduled meeting.
- The Committee shall discuss with the Independent Auditors the overall scope and plans for their respective audits, including the adequacy of staffing and compensation, as well as any procedures relating to attestation on the Corporation's *Extractive Sector Transparency Measures Act* ("**ESTMA**") reporting.
- The Committee shall regularly review with the Independent Auditors any audit problems or difficulties encountered during the course of the audit work, including any restrictions on the scope of the Independent Auditors' activities or access to requested information, and management's response. The Committee shall also review with the auditors: any accounting adjustments that were noted or proposed by the auditors but were "passed" (as immaterial or otherwise); any communications between the audit team and the audit firm's national office relating to problems or

difficulties encountered with respect to significant auditing or accounting issues; and any "management" or "internal control" letter issued, or proposed to be issued, by the audit firm to the Corporation.

- The Committee shall review and recommend approval of the quarterly financial statements for submission to the Board, as well as the related management's discussion and analysis of financial condition and results of operations ("**MD&A**"), prior to the release and filing thereof. The Committee shall also discuss with the independent auditors the results of the auditors' quarterly review or other involvement in the preparation of the quarterly statements, as well as any other matters required to be communicated to the Committee by the independent auditors under applicable professional guidelines. The Committee shall discuss and review with management the quarterly certification with respect to financial matters mandated by applicable securities laws.

- The Committee shall review and recommend approval of the annual audited financial statements for submission to the Board, as well as the related MD&A, prior to the release and filing thereof. The Committee's review of the financial statements shall include: (i) consideration of any major issues regarding accounting principles and financial statement presentation, including any significant changes in the Corporation's selection or application of accounting principles, any major issues as to the adequacy of the Corporation's internal controls and any specific remedial actions adopted in light of material control deficiencies; (ii) discussions with management and the Independent Auditors regarding significant financial reporting issues and judgments made in connection with the preparation of the financial statements and the reasonableness of those judgments; (iii) consideration of the effect of regulatory accounting initiatives, as well as off-balance sheet structures on the financial statements; (iv) consideration of the judgment of both management and the Independent Auditors about the quality of accounting principles; and (v) consideration of the clarity of the disclosure in the financial statements. The Committee shall also discuss with the Independent Auditors the results of the annual audit and any other matters required to be communicated to the Committee by the Independent Auditors under applicable professional guidelines. The Committee shall discuss and review with management the annual certification with respect to financial matters mandated by applicable securities laws.

- The Committee shall also receive and review a report from the Independent Auditors, prior to the release and filing of the Corporation's annual audited financial statements, on all critical accounting policies and practices of the Corporation, any potential alternative treatment of financial information within generally accepted accounting principles that have been discussed with management, including the ramifications of the use of such alternative treatment for the disclosure in the financial statements and the treatment preferred by the Independent Auditors, and all other material written communications between the Independent Auditors and management.

- The Committee shall review and approve all related party transactions not in the ordinary course of business in the absence of a special committee of the Board of Directors designated for such function.

- The Committee shall review all earnings press releases before they are issued and shall ensure that adequate procedures are in place for the review of any other public disclosure of financial information extracted or derived from the Corporation's financial statements.

- The Committee shall discuss with management and the Independent Auditors the adequacy and effectiveness of internal control over financial reporting, including any significant deficiencies or material weaknesses identified by management or the auditors in light of applicable securities laws requirements.

- The Committee shall review the results of procedures undertaken by the Independent Auditors relating to ESTMA reporting, and receive and review the auditor's reporting thereon.

- The Committee shall review with management the Corporation's compliance systems in light of applicable legal and regulatory requirements.

- The Committee shall review periodically with management the risk of the Corporation being subject to fraud and the controls in place to manage such risk.

- The Committee shall review financial summaries and disclosures made in accordance with the ESTMA, including but not limited to attestation reports made by a director or officer of the Corporation that the information in the report is true, accurate and complete in all material respects and that reasonable diligence has been exercised.

- The Committee shall ensure that the Corporation establish appropriate policies and procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

- The Committee shall ensure that the Corporation has in effect clear hiring policies for partners, employees and former partners and employees of the Corporation's present and former Independent Auditors that meet applicable legal and regulatory requirements.

- The Committee shall, with the assistance of management, determine the appropriate funding needed by the Committee for payment of: (i) compensation to the independent audit firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation; (ii) compensation to any advisers employed by the Committee; and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

- To the extent the Corporation maintains an internal audit function, the Committee shall meet periodically with the internal auditors to discuss the overall scope and plans for the internal audit function, including approval of its mandate, and the adequacy and effectiveness of the Corporation's internal controls.

- The Committee shall ensure that the policies established pursuant to the Charter are communicated to the Board, the Corporation's management and employees and other parties as may be appropriate and to the best of its ability shall ensure that such policies are implemented by the audit committees of subsidiary companies where appropriate. The Committee shall also ensure that the necessary follow-up is undertaken with such other audit committees.

- The Committee shall perform an evaluation of its performance at least annually to determine whether it is functioning effectively.

- The Committee shall review and reassess the Charter at least annually.

Adoption

This Charter was adopted by the Board on December 12, 2017.

Enacted: December 12, 2017.

Amended: N/A.

Reviewed and approved by the Board annually. Most recent review and approval: May 12, 2020.

SCHEDULE B – CODE OF BUSINESS CONDUCT AND ETHICS

Introduction

The Code of Business Conduct and Ethics (the "**Code**") has been adopted by the board of directors (the "**Board of Directors**") of Discovery Metals Corp. (the "**Corporation**"). This Code embodies the commitment of the Corporation and any subsidiaries (collectively referred to as "**Discovery Metals**") to conduct its business in accordance with all applicable laws, rules, and regulations and high ethical standards. The actions of all Discovery Metals employees, officers, and directors shall reflect honesty, integrity, and impartiality that is beyond doubt and that all business should be done in a manner that:

- complies with applicable laws, rules, and regulations;
- avoids conflicts of interest;
- protects confidential information, in accordance with the Corporation's confidentiality policy;
- adheres to good disclosure practices, in accordance with applicable legal and regulatory requirements.

Discovery Metals encourages all employees, officers and directors to submit good faith complaints or concerns regarding Accounting Concerns as defined in the Whistle Blower Policy presented in the manual of the Corporation without fear of reprisal.

Those who violate the standards in this Code will be subject to disciplinary action, up to and including termination. If a situation exists or arises where an employee is in doubt, the employee should seek the advice from a member of the Board of Directors.

1. Compliance with Laws, Rules, and Regulations

Discovery Metals is committed to compliance with all applicable laws, rules, and regulations in each jurisdiction in which it does business. All employees, officers and Directors must respect and obey the laws, rules and regulations of the cities, states and countries in which we operate. Employees, officers, and directors should educate themselves on the laws, rules, and regulations that govern their work, and seek advice from supervisors, managers, or other appropriate individuals at the Corporation.

Employees, officers, and directors who have access to confidential information are not permitted to use or share that information for stock trading purposes or for any other purpose except the conduct of our business. All non-public information about Discovery Metals (or about any other company) should be considered confidential information. To use non-public information for personal financial benefit or to "tip" others, including family members, who might make an investment decision on the basis of this information, is not only unethical but also illegal. Discovery Metals has adopted an Insider Trading Policy in order to prevent improper trading of securities of the Corporation and the improper communication of undisclosed material information. All employees, officers, and directors are expected to thoroughly understand and comply with such policy.

2. Responsibility for the Code

The Corporate Secretary of the Corporation maintains the Code and, with executive management, is responsible for putting it into practice throughout the Corporation and monitoring its effectiveness. The Board of Directors of the Corporation must approve any changes to the Code before they can be made and put into practice.

3. Filing of Government Reports

Any reports or information provided by the Corporation, or on the Corporation's behalf, to federal, provincial, territorial, state, local, or foreign governments must be true and accurate. All employees, officers, and Directors are required to assist the Corporation in providing true and accurate reports and information. Any omission, misstatement or lack of attention to detail could result in a violation of the reporting laws, rules and regulations.

4. Bribes & Kickbacks

Bribes and kickbacks are common examples of unethical business practices. It is not ethical to offer money or any type of reward to a government official, outside contractor, supplier, or anyone else, directly or indirectly, in order to obtain or retain an improper advantage. If anyone takes part in these kinds of practices or any other unethical business practices, they not only violate the Code of Conduct and Ethics, but they also damage the Corporation's reputation and put themselves, the Corporation, and its directors and officers at risk of fines, charges, and possibly jail. When dealing with government representatives or officials and private parties, no improper payments will be tolerated. If anyone becomes aware of or receives any solicitation for, or offer of, money or a gift, that is intended to influence an official decision or business decision inside or outside the Corporation, it should be reported immediately to the CEO or the Chairman of the Audit Committee.

5. Corruption of Foreign Public Officials Act

The *Corruption of Foreign Public Officials Act* (Canada), and the Criminal Code (Canada) contain certain prohibitions with respect to giving anything of value, directly or indirectly, to foreign government officials or certain other individuals in order to obtain, retain, or direct business for or to any person. Accordingly, corporate funds, property, or anything of value may not be, directly or indirectly, offered or given by an employee, officer, or director or an agent acting on the Corporation's behalf to a government official or employee, employee or agent of a state-owned or controlled enterprise, employee or agent of a public international organization, political party or official or any candidate for political office, including any family member or household member of any of the above, for the purpose of influencing any act or decision of such party of person or inducing such party or person to use his or her influence or to otherwise secure any improper advantage, in order to assist in obtaining or retaining business for, or directing business to, any person.

6. Conflicts of Interest

All employees, officers, and directors have an obligation to act in the best interests of Discovery Metals. Conflicts of interest can occur when an employee, officer, or director has a private interest in the outcome of a decision, or takes actions that make it difficult to perform his or her work objectively and effectively. Conflicts of interest may also arise when an employee, officer, or director (or immediate family member), receives improper personal benefits as a result of the position of such employee, Officer or Director with the Corporation. Loans to, or guarantees of obligations of, employees, officers, directors and their family members may create conflicts of interest. All employees shall not engage in any outside work or business undertaking that interferes with the performance of their duties as employees of Discovery Metals, and are not allowed to work for a competitor or potential competitor as an employee, consultant or Board member unless specifically authorized by the Chairman of the Board.

The Corporation respects the right of officers and Directors to take part in financial, business, or other activities outside of their position with Discovery Metals; however, the Corporation's officers and director must not serve as officers or directors, or work as employees or consultants for, a direct competitor or an actual or potential business partner of Discovery Metals without prior approval of the Chairman of the Board.

Discovery Metals employees and directors may not invest in or trade in shares of a direct competitor or an actual or potential business partner of the Corporation where such investment or trading may appear or tend to influence business decisions or compromise independent judgment. This prohibition does not apply to shares of a publicly traded company where such investment or trading relates to less than five percent of its issued shares. However, investing or trading in Discovery Metals' competitors or business partners remains subject to applicable laws and regulations regarding insider trading, including prohibitions against trading in possession of material non-public information regarding such companies, whether such information is gained in the course of employment with Discovery Metals or otherwise.

If a conflict of interest exists, and there is no failure of good faith on the part of the employee, officer, or director of the Corporation may allow a reasonable amount of time for the employee, Officer or Director to correct the situation in order to prevent undue hardship or loss. However, all decisions in this regard will be

in the discretion of the Chairman of the Board, whose primary concern in exercising such discretion will be in the best interests of Discovery Metals.

If you are aware of a conflict or potential conflict of interest, as an employee you should bring the matter to the attention of a supervisor or manager. If you are aware of a conflict or potential conflict as an officer or director, you should promptly bring the matter to the Board of Directors, or the Chairman of the Board.

7. Confidentiality

To avoid a breach of confidentiality, all employees, officers and directors should maintain all confidential information in strict confidence, except when disclosure is authorized by Discovery Metals or legally mandated. Confidential information includes, among other things, any non-public information concerning Discovery Metals, including its business, financial performance, results, or prospects, and any non-public information provided by a third party with the expectation that the information will be kept confidential and used solely for the business purpose for which it was conveyed. The obligation to keep information confidential also extends beyond your employment or directorship with Discovery Metals.

8. Corporate Opportunities

Employees, officers, and directors are prohibited from taking for themselves, personally or for the benefit of others, opportunities that are discovered through the use of corporate property, information or position, except to the extent that a waiver has been granted under Section 9 of this Code. No employee, officer, or director may use corporate property, information, or position for improper personal gain or for the improper personal gain of others, and no employee, officer, or director may compete with the Corporation directly or indirectly. Employees, officers, and directors owe a duty to the Corporation to advance the Corporation's interests when the opportunity to do so arises.

9. Protection and Proper Use of Corporation Assets

All employees, officers, and directors should protect Discovery Metals' assets and ensure their efficient use. Discovery Metals' assets should be protected from loss, damage, theft, misuse, and waste. Corporation assets include your time at work and work product, as well as Discovery Metals' equipment and vehicles, computers and software, trading and bank accounts, Corporation information, and Discovery Metals' reputation, trademarks, and name. Discovery Metals' telephone, email, voicemail and other electronic systems are primarily for business purposes. Personal communications should be kept to a minimum. Unauthorized use or distribution of this information would violate Corporation policy. It is also illegal and could result in civil or even criminal penalties.

10. Competition and Fair Dealing

Each employee, officer, and director should endeavor to deal fairly with Discovery Metals' counterparties, suppliers, competitors and employees. Discovery Metals seeks to outperform its competition in a fair and honest manner. No employee, officer, or director should take unfair advantage of anyone through unlawful manipulation or concealment, abuse of privileged information, misrepresentation of material facts or any other intentional unfair-dealing practice. Each employee is required to maintain impartial relationships with Corporation suppliers and customers. Any gifts provided to Corporation suppliers and customers must not be excessive in value, and must be approved in advance by the Chairman of the Board.

11. Employee Harassment and Discrimination

Discovery Metals is committed to fair employment practices in which all individuals are treated with dignity and respect. The Corporation will not tolerate any type of illegal discrimination or harassment. Discovery Metals expects that all relationships among persons in the workplace will be professional and free of bias and harassment.

12. Environmental, Safety, and Occupational Health Practices

Discovery Metals believes that sound environmental, safety and occupational health management practices are in the best interests of the Corporation, its employees, its shareholders, and the communities in which it

operates. Discovery Metals is committed to conducting its business in accordance with recognized industry standards and to meeting or exceeding all applicable environmental and occupational health and safety laws and regulations. Achieving this goal is the responsibility of all employees, officers, and directors.

13. Waivers of the Code

From time to time, Discovery Metals may waive certain provisions of this code. Waivers generally may only be granted by the Chairman of the Board. However, any waiver of the provisions of this Code for officers and directors, including the Chief Executive Officer and Chief Financial Officer, may be made only by the Board of Directors or a Committee of the Board and will be disclosed to shareholders as required by applicable rules and regulations.

Policy Review

The Committee will annually review and reassess the adequacy of this policy and submit any recommended changes to the Board for approval.

Adoption

This Policy was adopted by the Board on December 12, 2017.

Enacted: December 12, 2017.

Amended: N/A.

Reviewed and approved annually by the Board. Most recent review and approval: May 12, 2020.