

# Building Our Future

2022

Environmental, Social  
and Governance Report



# Table of Contents

<b>MESSAGE FROM OUR CEO</b> .....	<b>1</b>
<b>ABOUT THIS REPORT</b> .....	<b>4</b>
<b>2022 SUSTAINABILITY HIGHLIGHTS</b> .....	<b>5</b>
<b>ABOUT US</b> .....	<b>6</b>
Our Company's Vision, Mission, and Values .....	7
Cordero, our Flagship Project .....	8
Economic Impact .....	10
Supporting the United Nations Global Compact and Sustainable Development Goals .....	11
<b>OPERATING WITH EXCELLENCE AND INTEGRITY</b> .....	<b>12</b>
Material Issues .....	13
Board Governance .....	13
Management .....	15
Our Policies and Systems .....	16
Stakeholder Engagement .....	17
<b>PROVIDING A SAFE, HEALTHY, AND RESPECTFUL WORKPLACE AND ENVIRONMENT</b> .....	<b>19</b>
Health, Safety, and Wellness .....	19
Our Workforce .....	22
<b>PROVIDING LONG-TERM SOCIO-ECONOMIC BENEFITS TO THE COMMUNITIES IN WHICH WE OPERATE</b> .....	<b>25</b>
Community Relations .....	25
Community Investment .....	26
<b>PROTECTING THE ENVIRONMENT</b> .....	<b>28</b>
Environment Management .....	28
Energy Use and Greenhouse Gases .....	29
Water Management .....	31
Biodiversity and Land Stewardship .....	33
<b>APPENDIX</b> .....	<b>34</b>
Performance Table .....	34
SASB Index .....	36

# Message from our CEO

Since the very beginning, Discovery Silver has set out to be a trusted and responsible operator, striving to create value for all of our stakeholders.

We believe that responsible, sustainable development that balances environmental, social, and economic considerations generates beneficial, long-lasting benefits for communities, minimizes the impact on the environment, and adds value for all of our stakeholders. I am pleased to join a company where sustainability guides our purpose and helps drive our performance. Across Canada and Mexico, Discovery has assembled a talented and passionate team that is aiming to make a difference at work and in their communities.



## CORDERO'S MILESTONES

As the 100% owner of Cordero, one of the world's largest undeveloped silver deposits, we are excited about the opportunity Cordero brings to Mexico and the world. Silver is a unique precious metal used both as an investment asset and for industrial applications. Silver has high conductivity and ductility, making it an essential component in electric vehicles, solar energy, and energy storage. Silver will help support the energy transition, with demand for silver growing in the decades to come. We strive to produce this essential metal responsibly and contribute to the technologies and infrastructure needed in this transition to a lower carbon future.

In 2022, we completed Phase 2 of the Pre-Feasibility Study (PFS) and released the findings of this study in January 2023. The PFS assessed technical, financial, environmental, and social components related to Cordero to determine its potential for success. This study found that Cordero can have a long mine life of 18 years and production averaging 33 million ounces of silver equivalent (Moz AgEq) in the first 12 years of the mine life.<sup>1</sup> This represents an approximate 40% increase in total ounces produced compared to our 2021 Preliminary Economic Assessment. The PFS also outlined the significant economic contribution Cordero could generate through job creation, taxes, and the purchases of local goods and services in the Municipality of Parral, in Chihuahua State, and in Mexico.

We continued our drill program, completing over 68,000 metres of drilling in 2022. We conducted additional metallurgical testwork and engineering studies to support metallurgical performance, mine planning and closure planning analysis. In 2023, we are advancing our Feasibility Study that will provide further analysis on Cordero and initiate the permitting process through the submission of our Environmental Impact Assessment (EIA).

## IMPROVING HEALTH AND WELL-BEING OUTCOMES

The safety of our workforce is our top priority as we work to meet our goal of zero-harm. We consider both physical and mental health in our approach to ensure that everyone goes home safely. In 2022, we continued to adhere to our

1 Metals include silver, gold, lead, and zinc. Additional details available in the NI 43-101 Technical Report & Pre-feasibility Study.

# 20 hours

of health, safety and emergency response training per employee (on average)



# 84%

Score achieved on the Great Place to Work Certification



2022 total Scope 1, 2, and 3 GHG emissions were

# 1,692.77 tonnes

of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e)



COVID-19 policies and procedures to limit the spread of the virus. This approach was effective as there were no cases identified on-site and identified people were isolated. As the year progressed, we were able to increase the frequency of our emergency response drills and health, safety and emergency response training as in the last couple of years, COVID-19 reduced our training capacity. In 2022, we completed 11 emergency response drills and on average 20 hours of health, safety and emergency response training per employee, covering hazard and risk identification, driver training, firefighting, first aid, emergency preparedness and response, among other topics. We also ran a nutritional health campaign this year, providing nutritional information to support our workforce make choices that supports their

well-being. Furthermore, we expanded the range of dietary options available at site and installed a new gym facility to further promote a healthy lifestyle.

Since our inception, we have not recorded any fatalities. We continue to see year-over-year improvement to our safety performance. Our Total Recordable Incident Frequency (TRIF) and Days Away, Restricted or Transferred (DART) rate were both 0.52, and High Potential Incident (HPI) rate was 1.57, which we began to track this year. We saw an increase in our Motor Vehicle Incident (MVI) rate to 9.14. While there were no significant increases to the number of motor incidents, there was less mileage recorded which influences this rate. We recognize that fostering a safety culture means striving to improve our performance. We implemented the SafeStart program and apply corrective measures to prevent reoccurrence. Furthermore, we provide training sessions for employees to identify hazards and associated risks. Focusing on both leading practices and monitoring lagging indicators, we will continue to work towards our goal of zero-harm.

We are working to receive the Safe Industry Certification (Level 1) issued by the Mexican Government's Secretary of Labor, which requires full legal compliance with over 20 Health and Safety Standards as outlined by the Mexico Federal Government. Based on the preliminary evaluation results, Discovery has demonstrated compliance with Level 1. The full audit is set to be complete in 2023.

## SUPPORTING OUR PEOPLE

Our talented team across Mexico and Canada are critical to helping us in achieving our ambitious mission. In 2022, we continued to improve our talent practices and advance our diversity, equity, and inclusion journey. We rolled out our new compensation strategy to recognize and retain talented people. We aligned salaries across roles to ensure equal pay within roles across the organization. We also provided enhanced health and dental benefits for employees to ensure they have greater access to medical supports.

We received the Great Place to Work Certification in November 2022, achieving an overall score of 84%. Great Place to Work is an internationally recognized certification program that helps organizations improve their workplace and recognizes companies that create an outstanding employee experience through building a workplace culture of trust, credibility, respect, pride, and collaboration.

In August 2022, the Mexican Center for Philanthropy (CEMEFI) awarded the prestigious Socially Responsible Company distinction, due to our interest and outstanding performance in ESG.

## INVESTING IN COMMUNITIES

Our team is passionate about making a difference in the communities where we live, work, and serve. In 2022, we held 19 engagement sessions with stakeholders to learn about their concerns and needs related to our Cordero Project. As we move forward with our feasibility study, we are engaging with our stakeholders to increase opportunities and reduce risks associated with our material topics. In 2022, we provided over \$195,000 in community investments supporting initiatives that focused on education and training, health, and vulnerable populations, based on key needs identified in our Social Management Plan. In 2022, we spent close to \$26 million in local procurement and contracting in Mexico.

Our focus in 2023 will be to formalize our community investment agreement with the Municipality of Parral that considers stakeholder input, the needs of the municipality, and the objectives identified in our Social Management Plan. We will remain adaptable to any new or emerging needs within the community.

## PROTECTING THE ENVIRONMENT

Since inception, we have recorded zero reportable environmental incidents. In 2022, our total Scope 1, 2, and 3 GHG emissions were 1,692.77 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e), which was a 2% reduction from last year due to decreased drilling activity. Water is a key concern to Discovery and to our stakeholders. This year we increased our monitoring efforts by building six wells to monitor water around the project site. This is in addition to continued water monitoring efforts using three wells from neighbouring land. These wells are used to monitor both water levels and water quality. We decreased our water withdrawal due to decreased drilling activities; however, our water consumption was 9,461 cubic metres (m<sup>3</sup>), representing a 2.5 fold increase in consumption from last year. This increase was attributed to potable water purchased to meet camp facility needs, including on-site employee and contractor use.

In 2022, we continued to conduct progressive remediation, remediated over 22,000 square metres (m<sup>2</sup>) of land. Although this is not legally required of us at this stage, we remediate drill pad areas where we are reasonably certain it will no longer be used for drilling as part of our commitment to responsible land stewardship. We believe that conducting these remediation activities continually throughout our exploration and development activities is crucial for minimizing our environmental impact.

We are in the process of receiving the Clean Industry Certification, issued by the Mexican government entity PROFEPA (Federal Attorney's Office for Environmental Protection) that is awarded upon demonstrating full compliance with environmental regulations in Mexico. This requires audits of Discovery's policies and procedures regarding waste management, ecological footprint, water, emissions, soil, biodiversity, and other environmental topics. We expect to receive the results of the audit and receipt of this certification in 2023.

## LOOKING BEYOND

As we look forward to 2023 and beyond, we still have much to accomplish to transform Cordero into one of the largest silver mines in the world. We are aware of the opportunity that we have and the responsibility we hold to provide benefits to communities and protect the environment. Thank you for your continued interest in Discovery and for reading our 2022 ESG Report.

Sincerely,



**Tony Makuch**  
Chief Executive Officer



# About this Report

Welcome to Discovery Silver's annual Environmental, Social, and Governance (ESG) Report. This report demonstrates our continued commitment to transparency on our ESG initiatives and performance. This report is guided by the Sustainability Accounting Standards Board (SASB) Mining and Metals Standard. This report has been reviewed by the Senior Management team and the Sustainability Committee of the Board.

The 2022 ESG Report focuses on performance and activities from January 1 to December 31, 2022. All financial information is reported in Canadian dollars unless otherwise stated.

For the purposes of this report, references to "us," "our," "the Company" or "Discovery" refer to the entity Discovery Silver Corp. and its 100%-owned subsidiaries.

## RESTATED INFORMATION

Energy use data for 2021 has been restated based on an update to the 2021 energy conversion factor for diesel from Mexico's Ministry of Energy's (Secretaria de Energia – SENER) National Commission for Efficient Use of Energy (Comision Nacional Para Uso Eficiente de la Energia – CONUEE), where this update occurred after the release of our 2021 ESG Report and represents lower energy use data. The DART rate for 2021 has been restated and is a decrease in previously reported data.

## FORWARD-LOOKING INFORMATION

This ESG Report contains forward-looking information and should be read together with the "Cautionary Statement Regarding Forward-Looking Information" section of this report.

## LEARN MORE

Our ESG reports are available in English and Spanish. Past ESG Reports are available at [discoveryilver.com/sustainability/esg-management/](https://discoveryilver.com/sustainability/esg-management/). We welcome questions and feedback on our report which can be directed to [info@discoveryilver.com](mailto:info@discoveryilver.com)



# 2022 Sustainability Highlights

## GOVERNANCE AND MANAGEMENT

- 5 of our 6 directors are independent
- 40.0% independent directors are women
- 16.7% of senior management are ethnically diverse

## WORKFORCE

- 153 employees and contractors
- 100% of Canadian employees are local and 85% of Mexican employees are local
- 32.5% of employees are women
- \$6,738,989 paid in employee salaries and benefits

Achievement of the  
**Great Place to Work Certification**

## COMMUNITY

- \$25,946,072 in local spend on goods and services
- \$197,358 in community investments
- Achievement of the  
**Socially Responsible Enterprise** distinction

## HEALTH AND SAFETY

- ZERO fatalities
- Total Recordable Incident Frequency (TRIF) of 0.52
- Days Away, Restricted, or Transferred (DART) rate of 0.52
- High Potential Incident (HPI) rate of 1.57
- Motor Vehicle Incident (MVI) rate of 9.14
- 135 orientation sessions conducted for site workers and visitors
- 11 emergency drills completed

## ENVIRONMENT

- ZERO reportable environmental incidents
- 21,445.07 gigajoules (GJ) of energy consumed
- Generated 21.09 GJ of renewable energy through the use of solar panels
- Scope 1 greenhouse gas (GHG) emissions of 411.37 tCO<sub>2</sub>e
- Scope 2 GHG emissions of 2.60 tCO<sub>2</sub>e
- Scope 3 GHG emissions of 1,278.79 tCO<sub>2</sub>e
- 9,461 m<sup>3</sup> of water consumed
- 314,209 m<sup>2</sup> of surface area disturbed
- 22,695 m<sup>2</sup> of surface area remediated

# About Us

**Discovery Silver Corp. (TSX: DSV, OTCQX: DSVSF) is a Canadian exploration and development company. We plan to transform our flagship project, Cordero, into one of the largest silver mines in the world at a time when demand for silver is expected to grow rapidly. Sustainability is integral to how we deliver our mission and part of how we create enduring value for all stakeholders. By prioritizing responsible development, we can achieve sustainable growth and make a positive contribution to society and the environment.**

Discovery Silver Corp. is headquartered in Toronto, Canada, and is listed on the Toronto Stock Exchange (TSX) under the symbol “DSV” and the OTCQX market under the symbol “DSVSF.” Discovery’s flagship project is the development of our 100%-owned Cordero project, one of the world’s largest silver deposits. Cordero is located close to infrastructure in a prolific mining belt in Chihuahua State, Mexico.

From the very beginning, we have executed our vision to build a company that prioritizes responsible practices, fosters trust and support from local communities and other stakeholders, and instills a sense of pride in our employees for the work that they do. As we look towards the future, we recognize the significant role that silver can play in the global energy transition. At our company, we have assembled a team of talented professionals who share our mission of delivering sustainable value to all our stakeholders through safe and responsible operations and positive community impact.

## SILVER'S ROLE IN A SUSTAINABLE FUTURE

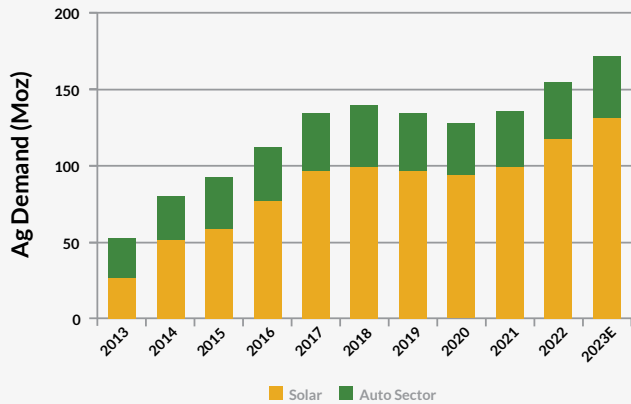
Silver is a unique commodity that is in demand both for its investment value and its practical uses in industry. Silver has a long history of being a reliable way to store value over time, making it a safe and attractive investment option. The price of silver often moves in a similar direction to that of gold, as investors see it as a safe haven during times of geopolitical uncertainty or as a hedge against inflation.

Silver also has an important role to play in the energy transition. Silver is highly conductible and is used in a variety of industrial applications such as in photovoltaics (PVs) — in the production of solar panels for instance — and in electric vehicles (EVs). Demand for silver from the solar and auto sectors has tripled over the last decade and is expected to grow dramatically for decades to come. The shift to a lower carbon future is expected to drive growth in industrial demand for this metal. Silver-based solutions are also being developed for water purification systems in the developing world due to its anti-microbial characteristics and its ability to filter pollutants, such as arsenic, from water supplies.

In 2023, global silver mine production is expected to grow by 2.4% driven by new silver projects, including projects in Mexico, beginning production. Demand is also expected to grow by 4% due to industrial demand from investments in PVs, power grids, the auto sector, and telecommunications networks.<sup>2</sup> This demonstrates that demand is outpacing supply growth. Over the medium to long term, the supply side for silver is expected to be relatively flat. This is because there are relatively few large undeveloped silver deposits globally and most large silver producing mines operate underground, and consequently, increasing mining rates is a challenging task. Silver produced from Discovery’s Cordero asset could play an important role in meeting this growing demand.

2 Additional information can be found in the [World Silver Survey 2023](#).





## OUR COMPANY'S VISION, MISSION, AND VALUES

Our vision, mission, and values represent who we are and who we strive to be in the future. They shape the way we behave, act, and make choices.

### Our Vision

To transform our exploration company into a leading developer and producer.

### Our Mission

Deliver sustainable value for all stakeholders by operating in a safe and responsible manner and having a positive impact on local communities. We will do this by taking advantage of both organic and external growth opportunities while continually improving our standards through a commitment to safe operations, employee learning, and social and environmental stewardship.

### Our Values

Our values guide our Company's conduct and reflect the importance we place on people.

- + **Health and safety:** We promote health and safety in all of our activities so that it is engrained within the culture of our entire organization.
- + **Honesty and integrity:** As the foundation of communication across the organization and with all stakeholders, we pride ourselves on open, transparent discussion. We are committed to working with respect, honesty, and high ethical standards, all values that are vital to building and maintaining strong and trusting relationships.
- + **Diversity and inclusion:** We firmly believe in the equality, diversity, and inclusion of people throughout the organization. We value different ideas, perspectives, and experiences and strive to ensure that we respect and protect the communities in which we operate.
- + **Responsibility:** Everyone is responsible for their words and actions, and we maintain a high degree of individual accountability, while recognizing the opportunities to learn and grow from mistakes.
- + **Learning and development:** We aim to foster a culture of continuous learning, providing an environment where our teams can excel in their current role and take advantage of opportunities to grow with the Company.



## CORDERO, OUR FLAGSHIP PROJECT

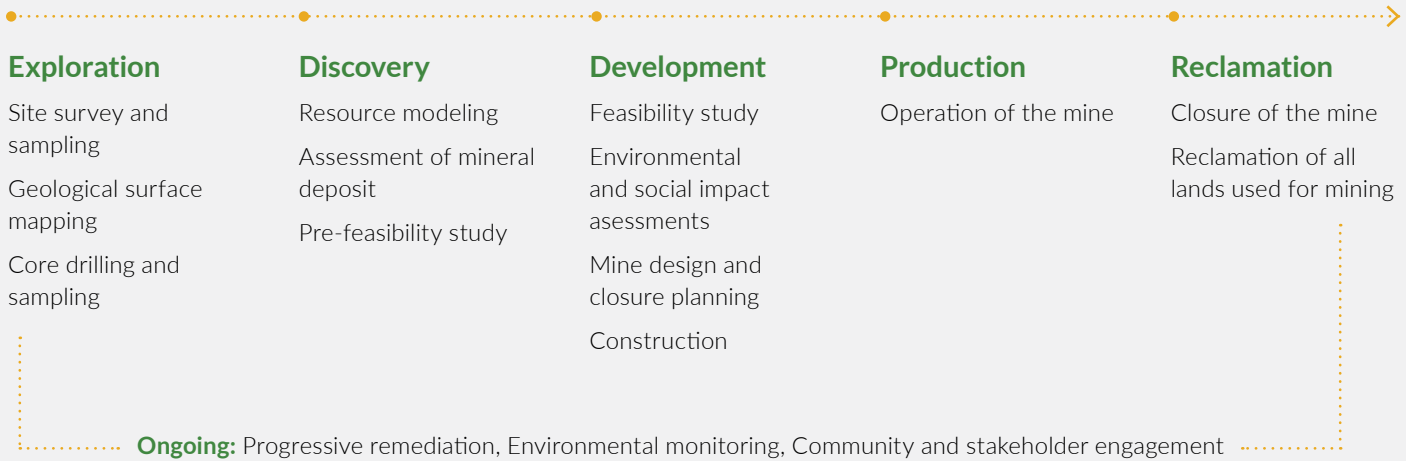
All minerals found in Mexican territory are owned by the nation of Mexico. Companies such as ours are granted mineral concessions by the Mexican Federal Government to explore and potentially mine minerals. Our obligations as part of these concessions are to comply with safety and environmental protection regulations, submit reports to applicable authorities, and pay mining duties. To advance to the production stage, companies must undergo a regulatory process and successfully complete an economic assessment and Environmental Impact Assessment, subject to the approval of the Mexican Federal Government.

Our 100%-owned Cordero project is considered one of the world's largest undeveloped silver resources and one of the few silver projects globally that offers margin, size, and scalability. It is also referred to as Mexico's most precious silver asset. Approximately 35,000 hectares, the project is located close to infrastructure in a prolific mining belt in Chihuahua State, Mexico. Cordero represents an opportunity to contribute to the Municipality of Parral, State of Chihuahua, and Mexico.

Since acquiring Cordero in August 2019, our focus has been on leveraging the under-explored higher-grade zones within the larger mineralized system with the objective of defining a high-margin project with scale. Typical stages of mining include exploration, discovery, development, production, and reclamation. We are currently advancing Cordero to a feasibility-stage. Our Pre-Feasibility Study (PFS) that was released in January 2023 found that reserves are sufficient to extend the estimated mine life from 16 years to 18 years and increased our estimated annual production from 25 Moz AgEq to 33 million Moz AgEq. This represents



an increase of approximately 40% in total AgEq ounces produced over the life of the Project compared to the 2021 Preliminary Economic Assessment. Additional drilling in 2022 resulted in 261 drill holes and over 68,000 metres drilled and included hydrology, geotechnical, and resource drilling, with a total of 557 holes and 199,820 metres drilled from 2019-2022 on the project site by Discovery. This results in over 295,000 metres drilled to date for the Cordero pre-development phases. The data obtained through this work will support resource confirmation, establish confidence levels for the resource estimation, and form a foundation for mine planning and closure planning.



CASE STUDY:

## Equator Principles

The Equator Principles are intended to serve as a common benchmark and risk management framework for financial institutions to identify, assess, and manage environmental and social risks when financing projects. There are 10 principles that cover topics such as environment and social assessment, environmental and social management systems, stakeholder engagement, grievance mechanisms, and more. In 2022, we engaged a third-party to help us assess our alignment with the Equator Principles (EP4) should we seek project financing for the development of the mine. As part of this assessment, EP4, the International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability, applicable World Bank Group/IFC Environmental Health and Safety Guidelines, and Mexican federal and state laws and regulations were reviewed. Conducting this analysis at an early stage of Cordero's development allowed us to understand where we are doing well and where we need to improve our plans and processes. In 2023, we will work on the identified gaps to better align with the Principles.



### LOCATION AND COMMUNITIES OF INFLUENCE

- + Chihuahua State, Mexico
- + Hidalgo del Parral, Santa Bárbara, Valle de Zaragoza and San Francisco del Oro

### SIZE

- + Top 3 primary silver mine
- + 35,000-hectare property
- + Estimated average annual production of 33 Moz AgEq

### MARGIN

- + Life of mine all-in sustaining costs of \$13.62/oz AgEq

### MINE LIFE

- + 18-year mine life with clear extension potential

## Cordero's Milestones

- **2022**
  - 2H Pre-Feasibility Study completed
  - 2H Phase 2 Drill Program completed
  - 2H Phase 3 Drill Program commenced
- **2023**
  - 1H Initiate construction permitting
- **2024**
  - 1H Feasibility Study
  - 2H Potential receipt of construction permit and construction decision

# Economic Impact

We aim to contribute to sustainable communities and societies through employee salaries and benefits, purchases of goods and services, community investments, and taxes paid.

IN 2022,  
OUR ECONOMIC  
IMPACT INCLUDED:



**\$830,583**

in mining duties  
paid to the  
Government of Mexico



**\$197,358**

in community  
investments



**\$25,946,072**

on local goods and  
services in Mexico



**\$3,752,724**

in Mexican employee  
salaries and benefits





## SUPPORTING THE UNITED NATIONS GLOBAL COMPACT AND SUSTAINABLE DEVELOPMENT GOALS

We aspire to conduct our business in a manner that promotes responsible and sustainable development and contributes to global principles and goals. Discovery is supportive of the United Nations Global Compact (UNGC) and Sustainable Development Goals (SDGs). The UNGC is one of the largest voluntary global corporate sustainability initiatives and advocates for a principles-based approach to doing business, while the SDGs has established 17 bold goals to achieve a sustainable world by 2030.

Throughout the report, we have indicated how we are taking action to uphold the UNGC principles and furthering progress on the UN SDGs.

# Operating with Excellence and Integrity

We strive to uphold the highest standards of corporate governance, driven by our commitment to integrity, accountability, and transparency. Since the very beginning we have considered ESG in our decisions and continue to embed ESG into all aspects of business. Our strong governance practices ensure we protect the environment, uplift communities, and create value for all our stakeholders.

There is a tremendous amount of work that is done before a mine can be built. Cordero is currently in the early stages of the mining cycle – the pre-development phase, where we are working to better understand the feasibility of the project, assessing its technical, financial, environmental, and social components. We consider this a crucial time that defines the values of our company to responsible development to planning and delivering on a mine that balances societal, economic, and environmental value. This means considering how we deliver on our goal of minimizing our impact on the environment, achieving high levels of productivity, engagement and safety in the workplace, creating shared value for our communities, promoting innovation and continuous improvement, and adhering to the highest standards of ethical behaviour and transparency.

We are proud to have achieved our goal of being granted the Socially Responsible Enterprise (Empresa Socialmente Responsable) (ESR) distinction from the Mexican Center for Philanthropy (Centro Mexicano para la Filantropía) (CEMEFI).<sup>3</sup> This distinction requires demonstration of an organization's commitment to five pillars: business ethics, community engagement, protection and preservation of the environment, quality of life for employees, and corporate social responsibility. Discovery achieved an 'outstanding' rating based on our score across all metrics, ranking in the top 10% of approximately 1,000 participating small to medium-sized companies within Mexico. We believe this achievement demonstrates our commitment to operating with excellence and integrity and we are excited to join a group of other socially responsible companies within Mexico.



3 For additional information on the ESR distinction visit: <https://www.cemefi.org/resultadosesr/>

# Priority Issues

- 01 Corporate Governance
- 02 Workforce
- 03 Health and Safety
- 04 Community Relations
- 05 Water Use
- 06 Energy Use
- 07 Greenhouse Gases (GHGs)

## MATERIAL ISSUES

Understanding our material issues allows us to focus on the issues that our stakeholders care about and that affect our business. In 2021, we conducted our first materiality assessment drawing on issues from investor and shareholder feedback, ESG frameworks and standards, ESG megatrends, peer reports, and our enterprise risk register. Through this process, we identified seven material issues. Many of these issues form the foundation of this report and help us to focus our approach to sustainability and communicate how we plan to manage ESG risks and opportunities.

In 2022, we leveraged the results of our Social Baseline Study to gain a deeper understanding of our local communities and establish a social baseline that will enable us to measure the impact of our Cordero project. The results of this study re-validated the issues identified through our first materiality assessment. We strive for continual improvement to minimize and mitigate negative impacts while amplifying positive impacts.

## BOARD GOVERNANCE

Our Board of Directors (Board), along with its four committees, are responsible for ensuring business operations are conducted ethically and with integrity and are ultimately accountable for Discovery's stewardship. The Board ensures that Discovery has implemented effective systems and controls to identify, manage, and monitor risks. The Board works with the Senior Management Team to provide strategic direction, oversee Senior Management decision-making, and monitors the implementation of policies. Additionally, the Board oversees the Company's ESG activities, monitors ESG performance, and reviews the Company's annual ESG report.

- + **Nominating and Corporate Governance Committee:** Provides oversight of corporate governance practices and conducts periodic reviews of the Company's governance policies and makes policy recommendations.
- + **Sustainability Committee:** Provides assistance to the Board in fulfilling its oversight responsibilities related to monitoring sustainable development practices, and the development and implementation of any environmental, health, and safety and social policies of the Company. Reviews the Company's annual ESG Report.
- + **Audit Committee:** Provides assistance to the Board in fulfilling its oversight responsibility to shareholders and the investment community relating to the integrity of the Company's financial statements, compliance with legal and regulatory requirements such as ensuring a confidential and anonymous process exists to report any ethical concerns, disclosures and qualifications of independent auditors.
- + **Compensation Committee:** Provides assistance to the Board in fulfilling its oversight responsibilities related to the Company's global human resource strategy, policies and programs, and all matters relating to the proper utilization of human resources with a special focus on management succession, development and compensation.

## Our Directors' Skills

COMPETENCIES	MURRAY JOHN	JEFF PARR	JENNIFER WAGNER	MOIRA SMITH	DAN VICKERMAN	TONY MAKUCH
Board Experience and Corporate Governance	✓	✓	✓	✓	✓	✓
Mining and Industry Experience	✓	✓	✓	✓	✓	✓
Enterprise Risk Management	✓	✓			✓	✓
Executive Management	✓	✓	✓			✓
Financial Expertise/Financial Literacy	✓	✓			✓	✓
Capital Markets and Corporate Finance	✓	✓	✓		✓	✓
Mergers and Acquisitions	✓	✓	✓	✓	✓	✓
Human Resources and Compensation	✓	✓	✓	✓		✓
Health, Safety, and Environment	✓		✓	✓		✓
Corporate Social Responsibility and Sustainable Development	✓	✓	✓	✓		✓

## Board Diversity

We believe diversity is a key component in delivering on our business objectives and strengthens our decision-making. As set out in our Human Rights and Diversity and Inclusion Policy, diversity is considered in the selection of new Board members. We strive to ensure that our Directors have the qualifications, skills, expertise, and experience that will allow the Board to fulfill its mandate and select the best person for the role. We recognize that diversity is important to provide a range of perspectives, experience, and expertise for effective stewardship of the Corporation.

Our Directors bring a wealth of experience and expertise from mining and exploration to ESG management. Our Directors have a continual learning mindset, ensuring that our Board practices evolve to reflect the changing landscape. In 2022, we invited an external speaker to present on ESG megatrends, evolving requirements on climate change and diversity and inclusion, and what our peers are doing. Additionally, we enrolled in the Institute of Corporate Directors (ICD) under a corporate membership, which offers a variety of training courses, including Board oversight of social issues, climate governance, and cybersecurity. In 2022, one of our Directors enrolled in the ICD and expect to receive their designation in 2023.

## Gender Diversity

Our Board is made up of six directors, of which there are two female independent directors. Our Sustainability Committee is chaired by a woman. Following Discovery's Annual General Meeting in June 2022, one director did not stand for re-election leading to an overall increase in the percentage of independent directors on the Board.

	2022	2021	2020
Independent directors that are women (%)	40.0	33.3	14.3

**2 out of 5**  
independent directors  
are women





## MANAGEMENT

Our Senior Management Team is responsible for the day-to-day management of the Company and has functional, operational, and ESG responsibilities.

- + **President and CEO and Senior Management Team:** Responsible for the management and monitoring of ESG performance and have functional and operational responsibilities encompassing exploration, operations, finance, corporate development, stakeholder engagement, and investor relations.
- + **Vice President Mexico:** Is part of the Senior Management Team and is accountable for building strong relationships with local stakeholders and collaborates on ESG initiatives.
- + **Sustainability Manager (Mexico):** Is responsible for implementing Discovery's ESG plans and initiatives, monitoring performance and collaborates with the Senior Management Team.

### Welcoming New Team Members

In April 2022, a new independent director, Tony Makuch, joined Discovery's Board of Directors. In June 2022, Mr. Makuch was appointed interim Chief Executive Officer (CEO).<sup>4</sup> Mr. Makuch is a professional engineer with over 35 years of significant industry and leadership experience.

Discovery also welcomed a Chief Operating Officer (COO) to keep up with our growing project needs. Our COO brings decades of experience in the mining industry with a focus on Latin America. This appointment will support Discovery as we advance our Cordero project and ensures we have the knowledge, skills, and experienced people needed to fulfill our business objectives.

## Training and Development

We are committed to providing our team with professional development opportunities to support their growth, interests, and capabilities, particularly in the areas of sustainability and health and safety. In the past couple of years, our Senior Management Team have been enrolled in the International Association for Sustainable Economy (IASE) qualification. This globally recognized three-tiered certification provides training and requires compliance with the highest professional and ethical standards for ESG professionals worldwide. Modules covered include the international context and factors influencing the green transition, carbon pricing mechanisms, sustainability governance, and more. Currently, nine employees, including the Sustainability Manager, Vice President Mexico (formerly Country Manager), and Chief Financial Officer (CFO), have completed the foundational Level 1 course and exam, while the Sustainability Manager and CFO have completed Level 2. Additionally, this year we provided communications training offered through a third-party to support our Senior Management Team as they continue to present at conferences and other engagements. In 2023, our Senior Management Team will undertake health, safety, political risk, and additional communications training.

### Management Diversity

In 2022, approximately 17% of our Senior Management Team was ethnically diverse. This represents a decrease from 2021 due to a departure in 2022 from our small management team of six.<sup>5</sup> As we grow our team, diversity will continue to be a consideration in our hiring process.

	2022	2021	2020
Management diversity (%)	16.7	40.0	40.0

<sup>4</sup> On January 23, 2023, Discovery announced that Mr. Makuch was appointed CEO effective immediately.

<sup>5</sup> In June 2022, Discovery announced the resignation of Mr. Singh from the position of President and Chief Executive Officer and member of the Board of Directors.

## OUR POLICIES AND SYSTEMS

Discovery's policies and commitments provide the governance framework that helps us to operate responsibly, manage risks and opportunities, and deliver value to our stakeholders. Directors, employees, and contractors are expected to follow our policies and operate with high standards of integrity. Training is provided to our employees and contractors upon hiring to ensure they understand our policies, and a refresher session is held at the beginning of each year for all employees to reiterate the importance of all policies. Our Sustainability Management System (SMS) includes policies, standards, and procedures and is being refined and enhanced to include both requirements and best practices. We will seek Board approval to publish new policies as we continue to refine our approach and advance our project.

- + Our **policies** outline our principles and commitments in line with our vision, mission, and values.
- + Our **standards** state the requirements to help meet our policies.
- + Our **procedures** provide further instructions and guidance to meet our standards.

Our sustainability-related policies include:

- + **Code of Business Conduct and Ethics:** Ensures that business is conducted honestly, with integrity and impartiality and complies with applicable laws, rules, and regulations.
- + **Whistleblower Policy:** Ensures there is a confidential and anonymous process to support persons who report ethical concerns.
- + **Anti-Bribery and Anti-Corruption Policy:** Outlines the Company's zero tolerance policy for bribery and corruption and ensures business is conducted in an honest and ethical manner.
- + **Human Rights, Diversity and Inclusion Policy:** Outlines the Company's commitment to respecting human rights, respecting diversity, and fostering a culture of inclusion. This includes the prohibition of child labour in our company, including contractors.

Corporate policies are reviewed annually by the Board, to re-assess their adequacy, ensuring they continue to comply with laws and regulations. At the start of each year, we provide a refresh training workshop for employees and contractors on these policies.

In 2022, we made updates to the Code of Business Conduct and Ethics to include information on the 24/7 whistleblower hotline including phone, email or web-based reporting, and updated references to various code of ethics and criminal codes in Mexico. Further information on our policies can be found on our [website](#).

## Enterprise Risk Management

Discovery has an Enterprise Risk Management (ERM) program to identify, assess, manage, monitor, and review the risks facing the Company. ESG risks related to Political/Regulatory, Environment, Community Relations, and Health and Safety are considered. Our Senior Management Team regularly reviews our risk register and the Board is updated on risks at each Board meeting. For a detailed discussion of risks, refer to the [Company's Management Discussion and Analysis](#).

## Cybersecurity

Discovery aims to maintain and protect our information and data. Discovery tests its information technology and security systems and provides training for our workforce. In 2022, in-house training was provided for our corporate and Mexico employees. In 2023, we will explore options for a third-party to conduct additional training on cybersecurity topics.



Aligning with UNGC Principles 1, 3, 4, 5, 6, and 10 and the following SDGs:





## STAKEHOLDER ENGAGEMENT

It is our mission to deliver sustainable value for all stakeholders by operating in a safe and responsible manner and having a positive impact on local communities. Engaging our stakeholders and building strong relationships is a critical element for us to better understand their interests and concerns. We work with several external and internal stakeholder groups, integrating stakeholder engagement in our activities, and considering their interests in our decision-making processes.

We initially identified our stakeholders through our Social Baseline Study that was conducted in 2021, where we sought feedback from over 1,800 individuals. In 2022, as part our continued efforts to understand our stakeholders'

perceptions of the Cordero project, we conducted a Social License Study. This study looked at three key aspects: legitimacy (compliance with laws), credibility (compliance with our agreements), and trust (confidence in the future of the company and employee participation in decision-making). The results showed that many stakeholders support the project and highlighted the importance of continuing to communicate our future plans. Following this assessment, we will consider ways to enhance our communications initiatives.

The following table outlines our key stakeholders, how we engage, key topics of interest, and engagement highlights in 2022.

STAKEHOLDER	HOW WE ENGAGE	KEY TOPICS OF INTEREST	KEY HIGHLIGHTS IN 2022
<b>Ejidos<sup>6</sup>, land owners, and community members</b>	<ul style="list-style-type: none"> <li>+ Regular and ongoing dialogue and engagement</li> <li>+ Ejido committee meetings</li> <li>+ Project updates</li> <li>+ Community investment discussions</li> <li>+ Online and in-person interviews conducted by third parties</li> </ul>	<ul style="list-style-type: none"> <li>+ Employment and business opportunities</li> <li>+ Health care</li> <li>+ Quality of life</li> <li>+ Water and environmental protection</li> <li>+ Education</li> <li>+ Infrastructure</li> <li>+ Security</li> </ul>	<ul style="list-style-type: none"> <li>+ Reached an agreement with the local Ejido Rancho Cordero on a 10-year duration for exploration activities</li> </ul>
<b>Government and regulators</b>	<ul style="list-style-type: none"> <li>+ Regular and ongoing dialogue and engagement</li> <li>+ Project updates</li> <li>+ Regulatory reporting</li> <li>+ Community investment partnership discussions</li> <li>+ Online and in-person interviews conducted by third parties</li> </ul>	<ul style="list-style-type: none"> <li>+ Compliance with laws and regulations</li> <li>+ COVID-19 management</li> <li>+ Communities</li> <li>+ Economic development</li> <li>+ Health and safety</li> <li>+ Water and environmental protection</li> </ul>	<ul style="list-style-type: none"> <li>+ Partnered with the Government of the Municipality of Parral to support vulnerable groups</li> <li>+ Invested in 11 projects related to health, sports, protection of women and their families, and senior citizens</li> </ul>
<b>Investors</b>	<ul style="list-style-type: none"> <li>+ Investor meetings</li> <li>+ Investor Days</li> <li>+ Annual General Meeting</li> <li>+ Suite of reports (ESG Report, Annual Report, Financial Statements, Management Discussion and Analysis, Annual Information Form)</li> </ul>	<ul style="list-style-type: none"> <li>+ Cash position</li> <li>+ Resources and mine potential</li> <li>+ ESG disclosure and performance</li> </ul>	<ul style="list-style-type: none"> <li>+ Increased presence at conferences throughout Canada, the United States, and Mexico, including the Association for Mineral Exploration (AME) Roundup, Prospectors and Developers Association of Canada (PDAC), Vancouver Resource Investment Conference, Precious Metals Summit, 121 Mining Investment Conference, Canaccord Genuity Mining Conference, Congreso internacional Minero, and Mexico polimetálico</li> <li>+ Increased in-person one-on-one meetings</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>+ Regular and ongoing dialogue and engagement</li> <li>+ Business development events</li> <li>+ Contracts and due diligence process</li> </ul>	<ul style="list-style-type: none"> <li>+ Local procurement</li> <li>+ Business development</li> <li>+ Capacity development</li> <li>+ Health and safety</li> </ul>	<ul style="list-style-type: none"> <li>+ Networking days hosted by Mexican Mining Associates</li> <li>+ Over 50 one-on-one, in-person meetings</li> </ul>
<b>Employees and contractors</b>	<ul style="list-style-type: none"> <li>+ Regular and ongoing dialogue and engagement</li> <li>+ Internal communications</li> <li>+ Meetings with Managers</li> <li>+ Daily safety meetings</li> <li>+ Training</li> </ul>	<ul style="list-style-type: none"> <li>+ Growth and professional development</li> <li>+ Support during COVID-19</li> <li>+ Health and safety</li> <li>+ Compensation and benefits</li> <li>+ Community engagement</li> </ul>	<ul style="list-style-type: none"> <li>+ Updated talent recruitment practices and compensation strategy</li> <li>+ A team of volunteer employees supported 140 children of the Tarahumara ethnic group with school supplies</li> <li>+ Our employees participated in the "Punto Naranja" program. Our Parral office is designated as a shelter for women to receive help</li> </ul>

6 In Mexico, an ejido is an area of communal land, mainly used for agriculture, that combines communal ownership with individual use. This means community members are designated plots of land collectively and maintain communal holdings.

# Providing a Safe, Healthy, and Respectful Workplace and Environment

**At the heart of our corporate values is our commitment to providing a safe, healthy, and respectful workplace and environment. Our goal is to achieve zero-work related incidents or illnesses, both physical and mental. Creating a safe, diverse, and inclusive working environment greatly impacts our workforce and local communities.**

## **HEALTH, SAFETY, AND WELLNESS**

### **Our Approach**

We recognize the importance of a holistic approach to health, safety, and wellness, so we address both physical health and mental wellness. Our aim is to provide safe working conditions and cultivate a safety culture that prioritizes employee well-being, promotes a sense of belonging, encourages work-life balance, and fosters proactive participation and communication. We have established health and safety practices and protocols that communicate our expectations for all employees and contractors so that everyone returns home safely.

Everyone at our company has an important role in contributing to health, safety, and wellness. Our Board is responsible for the oversight of our health and safety management performance. The Senior Management Team reviews and discusses health and safety performance, progress, and opportunities monthly. Our Sustainability Manager, with support from the Senior Management Team, is responsible for our health and safety performance and developing and implementing health and safety standards and procedures. Our Health and Safety Coordinator supports the day-to-day management of our health and safety initiatives and our two health and safety staff are on-site to supervise operations and manage potential incidents to ensure the safety of everyone on-site. All employees and on-site workers are expected to contribute to a safe working environment by following procedures and identifying and reporting hazards and incidents. We provide health and safety training, clearly define roles and responsibilities, distribute work fairly, and evaluate and recognize strong performance. To achieve our health and safety goals, Discovery is working on enhancing the safety culture, where we encourage employees and contractors to provide visible safety leadership and input on health and safety practices.

We track our health and safety metrics in English and Spanish. We encourage employees and contractors to report all incidents, including near misses, to ensure that we accurately capture our performance and are holding ourselves accountable to achieving our health and safety goals. We have continued to enhance our communications to employees to ensure that they understand that reporting incidents contributes to a safer working environment and that there are no repercussions for reporting unsafe behaviours, practices, or near misses.



SPOTLIGHT:

## Psychosocial Risk Evaluation

Psychological safety is crucial for overall health and safety in the workplace, as it allows employees to feel comfortable and empowered in voicing their concerns and ideas without fear of negative consequences. When psychological safety is present, employees can collaborate more effectively, make sound decisions, and ultimately improve the health and safety outcomes of the organization. At Discovery, we implemented the Mexican Standard NOM-035 "Psychosocial Risk Factors" to identify and prevent risk factors and promote a favourable organizational environment. This was approached through a questionnaire completed by 100% of personnel in our corporate offices and 91% of personnel at the Cordero site. Our corporate office in Hermosillo received a medium risk level and the Cordero project achieved a low risk level. Following this evaluation, we created an email to facilitate communication between Human Resources Officers and Coordinators and employees. Employees can use this email to report any incidents or grievances. The Human Resources Coordinator receives notifications of any incident, and alongside the Sustainability Manager they investigate the incident. Once the incident is confirmed, the Vice President of Mexico is notified, and corrective actions are taken.



### Key health, safety, and well-being initiatives in 2022 included:

- + **Training:** We focused on introducing trainings for workers that are specific to their roles and the local environment in and around the site including firefighting, first aid, and anti-venom training. We also provided training on key health and safety topics such as identifying hazards and risks during routine and non-routine work, driver training, working at heights, emergency preparedness and response, and incident investigation. As part of this training, we also purchased new equipment for our site, including two self-contained breathing apparatuses, vertical rescue equipment, and one firefighter suit.
- + **Health, safety, and well-being campaigns:** To communicate the importance of recording near misses and incidents, we developed several campaigns for employees so they are empowered to report all incidents. We also rolled out well-being initiatives, providing nutritional information to support employees and contractors to make the best nutritional choices for their lives. Dietary options have been expanded to include more healthy options for employees on-site and we installed a new gym to encourage physical wellness. Furthermore, we made additional upgrades to on-site living quarters to increase the comfort of our camp.
- + **Health and safety week:** We held our annual health and safety week in June 2022. This year 237 people were trained on safety and first aid.
- + **SafeStart:** We implemented the SafeStart training program, which promotes personal safety awareness within the work environment. Each person is empowered through this program to decide what is safe for them. In 2022, we delivered on our commitment to provide the SafeStart training program to all employees. All local employees have completed the first level of the program, while 12 employees from different functions have completed all five certificate levels, qualifying them to train, promote, and manage a culture of safety within the Company.
- + **COVID-19:** We maintained our COVID-19 procedures to ensure continued operations, while advancing our safety training for our workers and site personnel.
- + **Safety orientation:** We continued to hold mandatory safety orientations for our drilling contractors and site visitors.

## Performance

We are in the process of receiving the Safe Industry Certification (Level 1) issued by the Mexican Government's Secretary of Labor, which required full legal compliance with over 20 Health and Safety Standards. Based on the preliminary evaluation results, Discovery has demonstrated compliance with Level 1, which validated our health and safety approach. The full audit will be completed in 2023. Looking to the future, we have set a target of attaining Level 2 compliance in 2023.

In 2022, our focus was on health and safety hazard and risk prevention, where hazards and risk are identified and mitigated. We provided training to our workforce and through our SafeStart program encouraged and empowered our employees to take accountability for their safety. We believe this has helped us reduce our TRIF and DART, which both decreased to 0.52 and reduce our Near Miss

Incident Rate to 3.66. We have also introduced to our suite of health and safety indicators the tracking of High Potential Incident (HPI) rate, the frequency of incidents that have the potential to cause serious injuries or illnesses and/or death, which was 1.57. In addition to investing in training, by monitoring leading and lagging indicators it will support us in identifying behaviours, actions, and processes to continuously improve our safety performance.

While our number of motor vehicle incidents remained consistent from the year prior, the MVI rate increased to 9.14 as there was less vehicle travel overall. Corrective actions taken to reduce our MVI include defensive driving training, installing a GPS in each vehicle to allow real-time monitoring, placing maximum proximity signs in each vehicle, designating parking lots, and installing tire lock barriers. We will continue to identify measures to reduce motor vehicle incidents and provide training, where necessary.



## Golden Safety Rules

To support our employees, Discovery provides health and safety training for all workers. In 2023, we will include the Golden Safety Rules in the work rules for all employees.

- + Fit for work
- + Personal protective equipment
- + Work permit
- + Protective devices
- + Driving vehicles
- + Work at heights
- + Energy isolation
- + Ground stability
- + Lifting, rigging, and hoisting
- + Hazardous substances

	2022	2021	2020
Fatalities (#)	0	0	0
Recordable incidents (#)	1	2	2
Total recordable incident frequency (TRIF) <sup>7</sup>	0.52	1.18	2.59
Days away, restricted or transferred (DART) rate	0.52	2.37 <sup>8</sup>	2.59
Motor vehicle incident (MVI) rate	9.14	3.77	5.85
Near miss incident (NRI) rate	3.66	5.91	0
High potential incident (HPI) rate	1.57	2.37	0

We doubled the number of emergency drills conducted following our increased capacity and resources to conduct drills. In 2022, employees and contractors participated on average of 20 hours of health, safety, and emergency response training per person.

	2022	2021	2020
Orientation sessions for site workers and visitors (#)	135	54	51
Emergency drills completed (#)	11	6	0
Average hours of health, safety, and emergency response training (# training hours/# of employees and contractors)	19.73	6.63	Not tracked

<sup>7</sup> TRIF is based on Mexico's definition of recordable incidents to align with Mexico regulations, which includes fatalities and lost time/days away from work incidents. This may differ from other international definitions of recordable incidents.

<sup>8</sup> DART has been restated for 2021.



## OUR WORKFORCE

### Our Approach

An engaged and talented team strengthens the value we bring to the communities where we live, work, and operate. We are committed to providing a safe, supportive workplace, and empowering our people to achieve their full potential. Our workforce strategy is guided by our Human Rights and Diversity and Inclusion Policy, Code of Business Conduct and Ethics, and the Anti-Bribery and Anti-Corruption Policy. All employees are introduced to these policies during their orientation and training is provided in a 2-hour workshop at the start of each year to refresh our workforce's understanding of these policies.

Our Senior Management Team has overall accountability for human resources management. In Mexico, human resource management falls under the purview of the Vice President of Mexico and the Sustainability Manager. We have a Human Resources Coordinator and two new support staff based out of the Cordero site and the Parral head office to support our workforce and the implementation of human resources policies, plans, processes, and initiatives.

### Talent Development and Performance Management

At Discovery, our goal is to foster an environment where our team members have the chance to develop and grow. We support our team in advancing on their career journey within our organization by providing training that enhances their proficiency in their roles and satisfies their personal interests. To support performance management, our employee performance evaluation process assesses each employee's performance relative to business goals and key performance indicators (including ESG). All employees are provided with information on the aspects of their role that they do well, and potential opportunities for improvement, as well as being involved in the co-development of plans for how to improve. All employees have the opportunity to share their thoughts on their own performance and management, increasing accountability, and communication across all levels of the organization.

In 2022, we have continued to work with future leaders as they undergo their leadership and management training. We had identified 13 leaders across the organization and customized trainings to their interests and the objectives of their roles.

## Performance



### UNGC Principle 2 and SDG 16

We are very proud to have received the Great Place to Work Certification, achieving an overall score of 84%. Great Place to Work is an internationally recognized certification program that helps organizations improve their workplace and earn positive recognition in their communities. As part of this process, employees complete an in-depth survey covering many different aspects of workplace culture. Discovery received excellent scores for Pride and Community, showing that our employees feel that they are recognized for their individual performance, are proud to work for Discovery, have close relationships with colleagues, and feel a sense of unity. This achievement recognizes the strides we have made in building a workplace culture that supports people and recognizes the importance of employee satisfaction and well-being. We will continue to work to maintain this culture and adapt to changing workforce needs.

## Compensation and Benefits

In 2022, we sought to increase equality within our compensation structures, so we developed and implemented a new approach to compensation for our Mexico operations. Our competitive salary strategy is aligned with best practices, promotes fair and competitive salaries, and rewards employees that are demonstrating excellent performance with opportunities for regular pay increases or bonuses, even within their first year. Contractors with excellent performance are also able to benefit from this new approach and can move into permanent positions with Discovery. In 2022, Discovery worked to align salaries across roles to ensure equal pay within roles across the organization. We also provided enhanced health and dental benefits for employees to ensure they have greater access to medical supports.

	2022	2021	2020
Total salaries and benefits (\$)	6,738,989	4,927,600	3,108,029





Discovery's Cordero site also celebrated a Day of the Miner by holding its very own *Cordero's Got Talent* event where employees showcased their skills and talents for the opportunity to win prizes. Three employees were selected as winners from this event.

Discovery has an 'employee of the quarter program' that recognizes and awards an exceptional employee four times a year. Employees are recognized in front of the entire Discovery team at the site and the event is live streamed to employees off-site. Winners of this program are awarded prizes and their pictures are displayed at the site. For this program, employees are nominated by on-site supervisors and coordinators who evaluate employees based on their operational and ESG performance. There is a committee that reviews and assesses all nominations.

### Workforce Profile

Our workforce has remained relatively similar in size as compared to last year. We have continued to invest in our Cordero site by increasing the relative ratio of employees to contractors.

	2022	2021	2020
<b>Total workforce (#)</b>	<b>153</b>	<b>154</b>	<b>124</b>
Canada (#)	12	10	7
Employees (#)	10	9	6
Contractors (#)	2	1	1
Mexico (#)	141	144	117
Employees (#)	67	58	52
Contractors (#)	74	86	65

### Local Employees

We are committed to hiring local employees as much as we are able, based on skills and experience, to contribute to the economic development of the surrounding communities. Job announcements are first made in person at the community assembly of Ejido Cordero. If there are no qualified applicants, vacancies are published on Chihuahua's public employment service website. In 2022, for the Cordero project, 85.1% of employees were from the State of Chihuahua. As part of our agreement with the Ejido, we have increased the number of our Ejido employees, contributing to the local economies of our neighbouring communities.

	2022	2021	2020
<b>Local employees (%)</b>			
Canada (%)	100.0	100.0	100.0
Mexico (%)	85.1	94.8	100.0

## Employee Diversity



### UNGC Principle 6 and SDG 5

Discovery is also committed to increasing gender diversity within our company. We have set an objective of having at least 30% women in the workforce by the end of 2024. In 2022, 32.5% of the workforce were women, a 4% increase over 2021, demonstrating consistent progress year-over-year. We have undertaken several initiatives to help recruit and retain women. We updated our recruitment practices by taking a skills-based perspective to remove bias in the hiring process. This approach resulted in an increase in women in our overall workforce, including site staff. In 2022, Discovery participated in Women in Mining (WIM) Mexico, an organization dedicated to supporting women’s participation in the mining industry. Discovery takes a holistic approach to healthy places to work which includes regular conversations about respect, anti-harassment, and anti-discrimination. We believe this has led to a strong reputation for Discovery in the community and where women feel safe within our organization because they know that we aim to live our values. Looking to the future, we plan to set up a mentorship program to further support women in their networking and development.

	2022	2021	2020
<b>Employee diversity (%)</b>			
Women (%)	32.5	28.4	15.5
Men (%)	67.5	71.6	84.5

## Employee Turnover

At each stage of Cordero’s development, we require specific roles and skills to advance the project. There are many contextual factors to consider such as the seasonality of when specific work can be done and whether we have received the necessary permits and licences to operate. We make every effort to retain and transition employees to new roles within the project. We do this by planning and sequencing our work and engaging with the state and federal government to support the timely receipt of permits and licences. In 2022, we experienced an increase in employee turnover, which was due to both the roles and skills needed, employee performance issues, and personal reasons for resignations. We will continue to improve our programs to increase employee retention and decrease employee turnover. For example, we plan to develop programs, including training, that will support us in enhancing a culture of trust throughout the company.

	2022	2021	2020
Employee turnover (%)	35.0	31.7	50.0

“I am proud to be part of a company that lives their values and where we are building a strong reputation for our workplace culture and benefits. We have a standout culture among mining companies in Mexico. My goal is that our employees are proud to work at Discovery and share their experience with others, making Discovery a sought-after company for talented individuals.”

— Ileana Erisel Cazares Castillo, Human Resources Coordinator



# Providing Long-Term Socio-Economic Benefits to the Communities in which we Operate

Our relationships with the communities in which we operate are a vital part of our success and we prioritize establishing and maintaining strong and positive relationships. Our aim is to foster open and transparent communication and engagement with the communities we operate in and be attentive and responsive to their interests and concerns.

## COMMUNITY RELATIONS

### Our approach

We engage local communities to guide our approach, build trust, understand their priorities, and create mutually beneficial relationships. Our goal is to create local jobs, bolster local businesses, and make impactful community investments to ensure that local communities and economies benefit from our presence in the region. We acknowledge the distinct values and interests of our stakeholders, evaluate potential impacts, and take into account the varying nature, extent, and context of our operations before engaging with communities. The Vice President of Mexico is responsible for developing strong relationships with local stakeholders and managing community impacts and is supported by the Sustainability Manager and Social Management Superintendents. Our approach to community relations is guided by our Human Rights, Diversity and Inclusion Policy.

In 2022, we held 19 engagement sessions with our local community stakeholders through one-on-one dialogue and group forums. To host these meetings, we renovated a local, disused schoolhouse and transformed it into a community meeting room to facilitate discussions and create a gathering place for the local community.

### Performance



#### UNGC Principle 1 and SDG 16

Our Community Response System enables us to better track community questions, feedback, and complaints raised by local stakeholders in an appropriate and timely manner. This formal mechanism for accepting, evaluating, and resolving community concerns is important for building trust and for our social license to operate. In 2022, we received four instances of community grievances from the community. In all instances Discovery communicated with the stakeholders to resolve their queries and integrate their feedback into how we operate. We look forward to maintaining our relationships with our stakeholders based on open communication, trust, and continuing to build new relationships.

	2022	2021	2020
Number of project agreements (#)	9	12	11
Community engagements (#)	19	Not tracked	Not tracked
Community feedback (#)	4	0	Not tracked



## Supporting Vulnerable Populations

Discovery team members attended the inauguration of Punto Naranja — a program developed by the Secretary of Human Development and Well-Being of the State of Chihuahua and the State of Chihuahua Women’s Institute. The program establishes safety zones for women throughout the state of Chihuahua and is linked to each Municipal Government office. Any woman at risk of violence or who needs to report harassment can go to designated Punto Naranja locations to receive help. The government trained Discovery employees to provide initial assistance to people in distress and to notify authorities to follow-up. Our employees in Parral volunteered to be part of this program and our Parral office is designated as a shelter.

## COMMUNITY INVESTMENT

### Our approach

Our Social Baseline Study and dialogue with community members guide our approach to community investment. The Social Baseline Study, completed in 2021, received input from over 1,800 stakeholders. The outcomes of this engagement informed the development of our Social Management Plan, which identifies ways in which we can create shared value and address the interests and concerns of each stakeholder group, among others. Our ongoing dialogue with municipal governments, including the Municipality of Parral and Municipality of Ocampo in Coahuila, ranch owners, ejidos, and local suppliers on contracting and procurement opportunities also inform our community investment plans as we continue developing the Cordero project. We also partner with local communities, governments, and development organizations with shared interests to leverage resources and enhance the potential impact of our community investments.

### Performance

In 2022, our community investments were nearly five times greater than our community investments in 2021, for a total spend of over \$195,000. This increase in investment enabled us to expand our support to disadvantaged groups (including children, women, and seniors) across education and training, health, and sports based on key needs identified in our Social Management Plan.

### Key highlights from our 2022 community investments include:

#### EDUCATION AND TRAINING

- + Established a scholarship program to benefit local communities.
- + Donated 120 school supply packages to all students of the Mati Sike Elementary School.

#### HEALTH

- + Donated a van, medical supplies, and funds for a nurse and doctor to run a mobile medical clinic to support vulnerable populations and reach remote areas.

#### SPORTS

- + Donated Zumba uniforms supporting 300 women across four different community centers in Parral.
- + Donated 512 children's soccer uniforms for the Cordero World Cup Tournament, in which 32 primary school teams from Parral participated.

In 2023, we will focus on formalizing our community investment agreement with the Municipality of Parral that considers stakeholder input, the needs of the municipality, and the needs identified in our Social Management Plan while remaining flexible to new and emerging community needs. We would also like to increase our focus on meeting the needs of vulnerable groups, including children. Regarding education, we will work with an external organization to distribute our scholarships to local community members so they can pursue their goals and interests.

	2022	2021	2020
Total community investment (\$)	197,358	41,393	24,521

**Supporting Local Businesses**

We seek to purchase goods and services locally wherever possible. Our local procurement approach is informed by our procurement and supply chain procedures. We consider local procurement from two perspectives, supplies sourced from Mexican businesses, as well as supplies sourced from the communities identified in our Social Baseline Study for Cordero. Year over year, we have been able to increase our local goods and services spend. In 2022, our local spend was close to \$26 million. In the future, we plan to be able to track our spend with more granularity, tracking spend in the municipalities surrounding the Cordero Project, including Parral.

	2022	2021	2020
Local spend on goods and services (\$)	25,946,072	10,301,261	1,717,158



# Protecting the Environment

**We are committed to preserving the environment by acting as environmental stewards, ensuring the protection of air, land, and water, today and into the future. We believe that development and environmental protection can co-exist if activities are carefully planned, executed, and incorporate community interests with a continuous effort to improve performance.**

## ENVIRONMENT MANAGEMENT



UNGC Principle 7, 8, and 9 and SDG 12

### Our Approach

In the region where we operate, the climate is characterized as semi-arid and temperate with hot summers. There are a wide variety of plants and animals that make up the local biodiversity. Many people are employed within sectors that rely on the environment, including forestry, agricultural, and livestock. Water, a critical resource, remains a pressing concern for both governments and communities. We recognize our responsibility to act as environmental stewards of the host countries and communities where we operate. We are committed to promoting sustainability, reducing our environmental impact, and engaging with the local communities. We integrate sustainability into our business decisions and consider the potential environmental benefits and consequences of our work and continuously strive to identify, prevent, minimize, mitigate and/or where appropriate, remediate our impacts on the environment, informed by science and leading practices.

Our Board-level Sustainability Committee reviews our environmental management activities and performance on a quarterly basis. Environmental reports are produced on a weekly and monthly basis. Weekly reports are reviewed by the Vice President of Mexico and the Vice President of Exploration. Monthly reports are reviewed by the Senior Management Team. Our Sustainability Manager is responsible for implementing environmental plans, processes, and initiatives. The Sustainability Manager is supported by Environmental Coordinators to ensure we maintain compliance with our environmental practices and environmental permits and support the tracking and monitoring of environmental metrics. We provide training to all employees and contractors on our environmental issues and our environmental practices.

Since the completion of our Environmental Baseline Study in August 2021, where environmental risks and impacts were assessed and preliminary management measures were proposed to avoid, mitigate, and compensate for predicted impacts, we have engaged a third-party to support us in enhancing our approach. We will be developing an Environmental Management Plan for Cordero that will identify mitigation and management approaches for environmental risks. This plan will help ensure that we comply with our permits and incorporate best practices. We will be drawing upon the topics we have heard from stakeholders and plan on engaging with communities further in the development of this plan.

### Performance

#### Environmental Audits and Certifications

Discovery uses a compliance management matrix to ensure alignment with requirements from federal, state, and municipal governments and environmental permits. Our environmental compliance matrix covers all aspects of our operations including the site, offices, and renovations. The matrix is revised upon receipt of each new permit, or every 6 months, whichever is less.

In 2022, we progressed on our goal of achieving the Clean Industry Certification granted by the Procuraduria Federal de Proteccion al Ambiente, Mexico's federal environmental protection agency. In 2022, the agency conducted the first of two audits that assessed Cordero's full compliance with environmental regulations in Mexico. This audit involves a review of the Company's policies and procedures regarding waste management, ecological footprint, water, emissions, soil, biodiversity, and other environmental compliance components. The first audit was completed in the third quarter of 2022. In 2023, we expect to undergo the second audit, receive the results of the audit, and potentially receive the certification. While this is a voluntary initiative, we embarked on completing this certification to receive feedback and validate our environmental management practices.

In 2022, one of our Environmental Coordinators completed training and received their certification on the International Organization for Standardization (ISO) 14000 series of standards which promotes effective environmental management systems in organizations. This training will be leveraged to begin to assess and integrate ISO's best practices into our current SMS, where feasible. Other Environmental Coordinators will pursue certification in 2023 to enhance their knowledge in this area and support continual improvement.

### Zero Environmental Incidents

In 2022, we maintained zero reportable environmental incidents, consistent with our past performance. We attribute our strong performance on training as well as our efforts to increase the reporting of issues or concerns that could lead to reportable environmental issues, enabling us to put in controls and prevent reportable environmental incidents from occurring.

	2022	2021	2020
Reportable environmental incidents (#)	0	0	0

## ENERGY USE AND GREENHOUSE GASES



UNGC Principle 7, 8, and 9 and SDG 13

### Our Approach

We recognize that climate change is a global challenge that will require action from governments, companies, and individuals. Cordero presents an important opportunity in the shift to a lower carbon economy. By responsibly producing silver, we can help support the technologies and infrastructure needed in the lower carbon future, as well as contribute to local communities through job creation, skills building, and community investment. Combined with this contribution, we are committed to exploring opportunities to decrease our energy consumption and minimize our GHG emissions through all phases of the project's development.

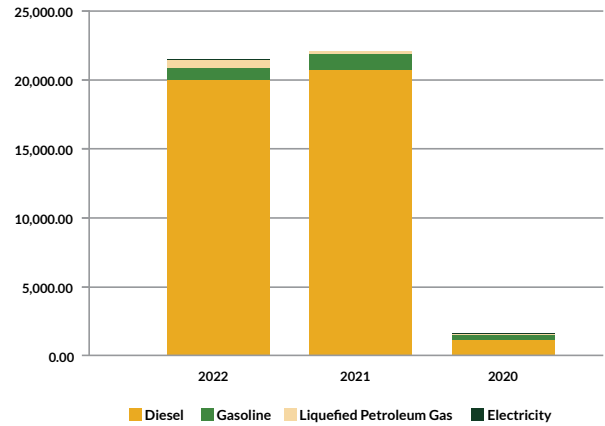
The way we generate, consume, and conserve energy directly influences the amount of GHG emissions we produce. Given the remoteness of Cordero, we source our energy primarily from fossil fuels such as diesel, gasoline, liquified petroleum gas (LPG), as well as electricity. Our generators, drilling equipment, and heavy-vehicle fleet are fuelled by diesel. Our light-vehicle fleet and cutting equipment run on gasoline. Our cooking appliances consume LPG. Our offices use electricity, which is sourced from national grids and self-generated through solar panels.

We will continue to consider energy use and GHGs in the design of our project and consider where changes can be made to decrease our impact. We will also continue to explore alternative and renewable energy sources to reduce our energy consumption. For example, this year we commenced a preliminary emissions assessment to estimate our emissions for the different stages of the Cordero project. This will allow us to better understand our potential emissions and start the planning of strategies to meet our climate-related goals.

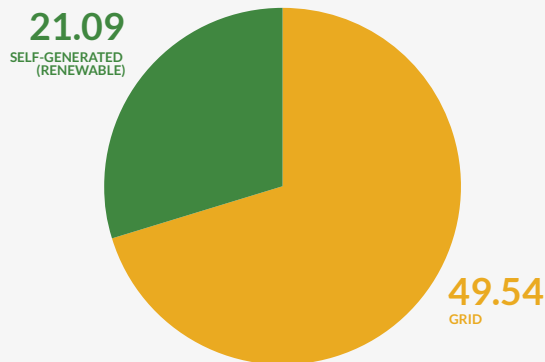
## Performance

In 2022, our total Scope 1, 2 and 3 GHG emissions were 1,693 tCO<sub>2</sub>e, representing a reduction of 2%, driven by a decrease in drilling at the end of the year. Our Scope 1 emissions increased due to a higher presence of on-site camp personnel leading to higher generator use. This was partially offset through the use of solar energy, which was installed in 2022 to power outdoor lighting in the Cordero camp. As our operations continue to grow, we will continue to explore opportunities to minimize our GHG emissions. We will also continue to consider energy use and GHGs in the design of our project and consider where changes can be made to decrease our impact.

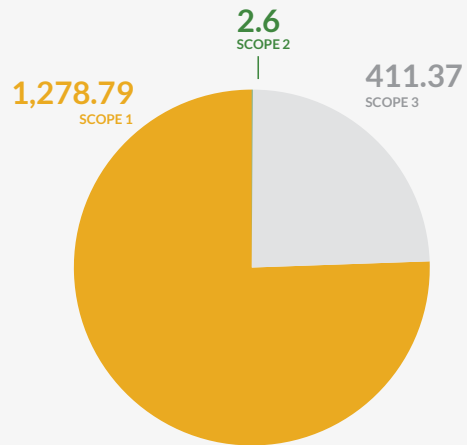
## Energy Consumption by Fuel Type (GJ)



## Electricity by Type (GJ)



## Greenhouse Gas Emissions (tCO<sub>2</sub>e)



	2022	2021	2020
<b>Total energy use (GJ)</b>	<b>21,445.07</b>	<b>22,097.11<sup>9</sup></b>	<b>1,536.42</b>
Diesel	19,975.71	20,736.57 <sup>10</sup>	1,129.98
Gasoline	813.89	1,116.75	384.24
Liquefied petroleum gas	584.84	209.75	17.94
Electricity	70.63	34.03	4.26

	2022	2021	2020
<b>GHG emissions (tCO<sub>2</sub>e)</b>	<b>1,692.77</b>	<b>1,733.38</b>	<b>167.16</b>
Scope 1	411.37	309.60	158.65
Scope 2	2.60	4.00	0.58
Scope 3	1,278.79	1,419.78	7.93

9,10 Data has been restated based on updates to the 2021 energy conversion factors for diesel.



## WATER MANAGEMENT



UNGC Principle 7, 8, and 9 and SDG 6

### Our Approach

In the mining industry, water stewardship is important to ensure the long-term availability of this vital resource. Cordero is located in an arid region of Mexico where rising temperatures and fluctuating rainfall is of concern to the Mexican Federal Government and the local communities of Parral and Valle Zaragoza. We aim to minimize our impact on people and the environment by reducing our water consumption, using water efficiently, reusing water, and protecting water quality. Water stewardship will continue to be a topic of importance and an area of focus for Discovery to maintain our social license to operate. Our water stewardship protocols include strict requirements to minimize the impact of our exploration activities on watersheds.

Currently, our company purchases non-potable and potable water for exploration drilling, camp facilities, and employee consumption. We use water for various activities, including:

- + **Drilling holes:** Non-potable water is used to lubricate the drillbit, pumped down the drillpipe or to flush the cuttings to the surface where they can be collected and analyzed to help determine the potential mineralization of the rock formation.
- + **Drinking and cooking:** Potable water is necessary for drinking, cooking, and preparing food in the camp.
- + **Sanitation and hygiene:** Potable water is required for washing, showering, and maintaining proper hygiene in the camp.

In 2022, we continued to conduct annual environmental monitoring activities for water to identify and track any changes to the environment as a result our operations. We also increased our water monitoring efforts by building six wells to monitor water around the project site. This is in addition to the three monitoring wells in operation in 2021. These wells are used to monitor water levels and water quality. Water quality inspections are conducted twice a year through independent third-party chemical analysis.<sup>11</sup> We also share these results with neighbouring landowners to confirm that their water quality is not negatively impacted and provide reassurance in the safety of the water for consumption.

In the region, one area of concern is the number of water licences granted to users. We are currently evaluating a variety of options to de-risk Cordero's water supply. We aim to develop an approach that meets the needs of our operations, surrounding communities, and other vital economic activities in the region, such as agriculture.

In 2023, we will continue to refine our water management as we advance the project. Our options to source water for mine construction and operation will be assessed through a water feasibility study which we plan to conduct in 2023. We also plan on building additional wells to support our water monitoring efforts. These efforts are in preparation for our next Environmental Baseline Study, which will be updated by the end of 2024, before mine construction.

Additionally, we plan to develop a Water Stewardship Strategy that will outline our approach to preventing the uncontrolled discharge of water, water quality standards, management of rainfall, management of runoff from operational processes, and the operation and maintenance of wastewater treatment systems. We will also include information on our plans to manage and inspect our containment systems.

### Performance

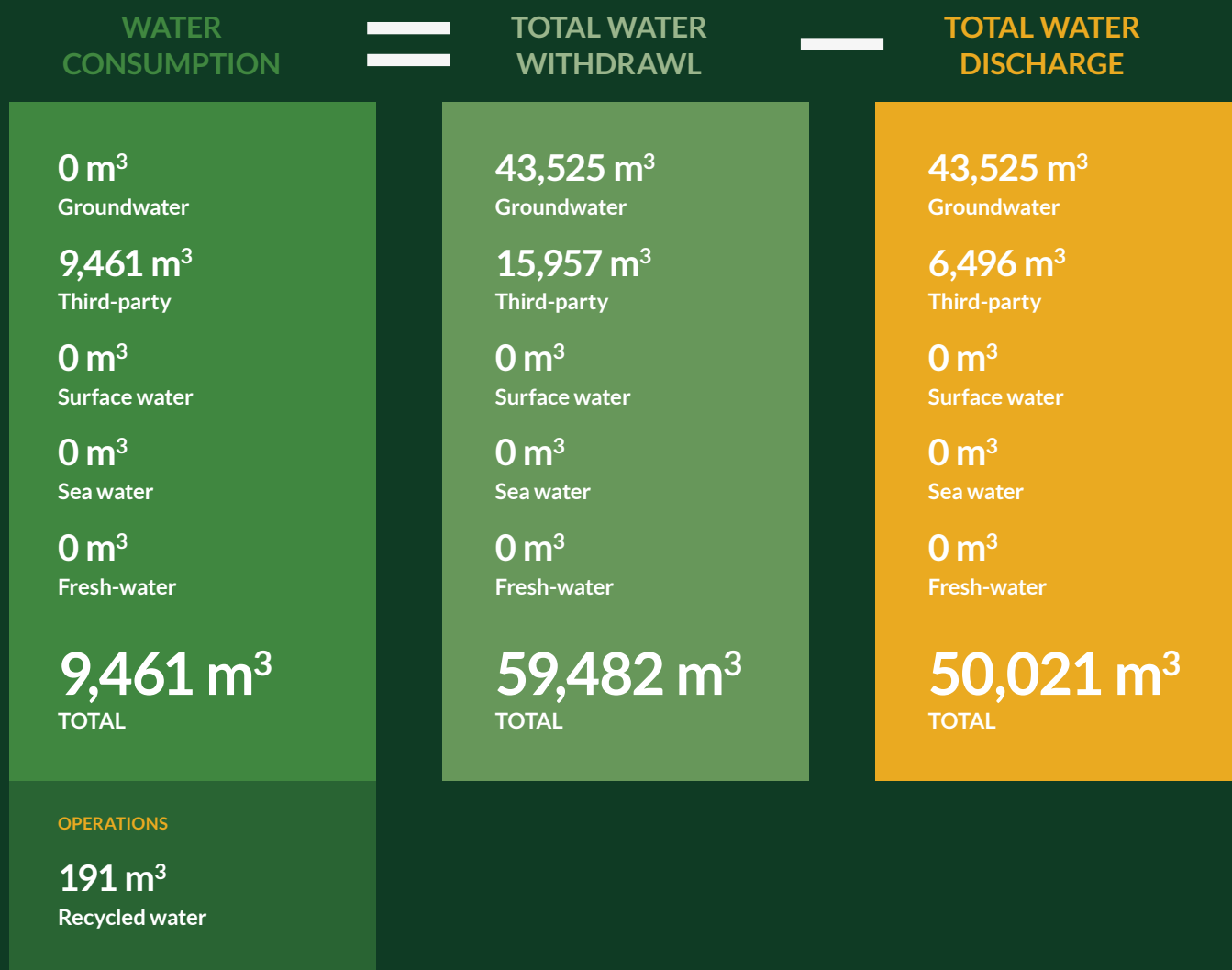
In 2022, Discovery decreased our water withdrawal due to decreased drilling activities compared to the prior year. However, overall water consumption was greater due to an increase in the potable water purchased from a third-party to meet the water needs of our on-site employees and contractors. While drilling activities decreased compared to 2021, Discovery was able to reallocate many employees to other activities within the camp.

	2022	2021	2020
<b>Total water withdrawal (m<sup>3</sup>)</b>	<b>59,482</b>	<b>76,807</b>	<b>36,017</b>
Groundwater	43,525	69,353	35,895
Third-party	15,957	7,454	122
<b>Total water discharge (m<sup>3</sup>)</b>	<b>50,021</b>	<b>74,075</b>	<b>36,007</b>
Groundwater	43,525	69,145	35,895
Third-party	6,496	4,930	112
<b>Total water consumption (m<sup>3</sup>)</b>	<b>9,461</b>	<b>2,733</b>	<b>10</b>
Groundwater	0	208	0
Third-party	9,461	2,525	10
<b>Recycled water (m<sup>3</sup>)</b>	<b>191</b>	<b>208</b>	<b>Not tracked</b>

# Operational Water Balance

(in m<sup>3</sup> (cubic metres))

- + Water withdrawal data is measured.
- + Water discharge data is estimated.
- + Water consumption data is calculated.  
Water consumption = water withdrawal – water discharge.
- + Recycled water data is measured.



## BIODIVERSITY AND LAND STEWARDSHIP



UNGC Principle 7, 8, and 9 and SDG 15

### Our Approach

We strive to protect flora and fauna and the habitats that support them by avoiding or minimizing our land use disturbance and monitoring the biodiversity where we operate. Our approach to biodiversity and land stewardship is guided by our land use and biodiversity procedures. Discovery is compliant with all legal requirements and conditions of our licenses and permits. We carefully assess risks associated with our drilling activities to limit the footprint of our activities to protect biodiversity. As part of our reclamation and closure planning, we complete remediation activities on drill pad areas where we are reasonably certain it will no longer be used for drilling. We believe it is important to perform remediation activities continually throughout our exploration and development activities to minimize environmental impacts. These actions go beyond our legal responsibilities of remediating land during this stage of project development, demonstrating our commitment to land stewardship.

### Performance

In 2022, we continued our Phase 2 Drilling Program resulting 314,209 m<sup>2</sup> of surface area disturbed. We are required by government laws and regulations to restore the land to its former state at the end of our operations. However, our operations meet and exceed this requirement by conducting progressive remediation activities even during

this early stage of our project's development. In 2022, the surface area we remediated was over 22,000 m<sup>2</sup>.

We monitor biodiversity in and around our project site, monitoring over 34,000 hectares of land. We carefully transplant endangered and at-risk species in and around drilling areas in accordance with our flora and fauna relocation program. In 2022, we conducted a biodiversity study and identified additional species classified as threatened or endangered in appendix II of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and the IUCN red list of threatened species. The increase in identified species is due to the greater surface area covered by our biodiversity monitoring efforts. Strategies to monitor and mitigate potential negative impacts throughout the different mine stages were identified through this study which will inform our management plans and the environmental impact assessment.

	2022	2021	2020
Surface area disturbed (m <sup>2</sup> )	314,209	59,677	3,975
Surface area remediated (m <sup>2</sup> )	22,695	1,000	600
Threatened and endangered species <sup>12</sup> (#)			
Flora	13	9	5
Fauna	13	3	1

12 Under the NOM-059-SEMARNAT-2010 and Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) watch list.



## Protected species

As part of Discovery's flora and fauna relocation program, in 2022, we rescued 86 species of fauna nearly tripling the 29 species we rescued in 2021. This includes 66 occurrences of species of concern by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), 11 occurrences of threatened species by Secretaría de Medio Ambiente y Recursos Naturales (SEMARNAT) guidelines, and 9 occurrences of species without any protection status. Our efforts to rescuing these species may include relocation or in-place protection due to their fragility and size.

# Appendix

## PERFORMANCE TABLE

ISSUE	INDICATOR	UNIT	2022	2021	2020
<b>Economic Contributions</b>	Mining duties paid to government of Mexico	\$	830,583	660,276	659,125
<b>Board and Management Diversity</b>	Independent directors that are women	%	40.0	33.3	14.3
	Senior Management that are ethnically diverse	%	16.7	40.0	40.0
<b>Health and Safety</b>	Fatalities	#	0	0	0
	Recordable incidents	#	1	2	2
	Total recordable incident frequency (TRIF) <sup>13</sup>	# of recordable incidents ÷ # of hours worked x 200,000	0.52	1.18	2.59
	Days away, restricted or transferred (DART) rate	# of recordable cases involving days away from work, restricted work activity, or job transfer ÷ # of hours worked x 200,000	0.52	2.37 <sup>14</sup>	2.59
	Motor vehicle incident (MVI) rate	# of motor vehicle incidents ÷ kilometres driven x 1,000,000	9.14	3.77	5.85
	Near miss incident (NRI) rate	# of reported near misses ÷ # of hours worked x 200,000	3.66	5.91	0
	High potential incident (HPI) rate	# of incidents that have the potential to cause serious injuries or illnesses and/or death ÷ # of hours worked x 200,000	1.57	2.37	0
	Orientation sessions for site workers and visitors	#	135	54	51
	Average hours of health, safety, and emergency training	# hours of health and safety training / total number of employees	19.72	6.20	Not tracked
	Emergency drills completed	#	11	6	0

13 TRIF is based on Mexico's definition of recordable incidents to align with Mexico regulations, which includes fatalities and lost time/days away from work incidents. This may differ from other international definitions of recordable incidents.

14 DART has been restated for 2021.

ISSUE	INDICATOR	UNIT	2022	2021	2020
<b>Workforce</b>	Employee salaries and benefits	\$	6,738,989	4,927,600	3,108,029
	Total workforce	#	153	154	124
	Employees	#	77	67	58
	Contractors	#	76	87	66
	Employee turnover	%	35.0	31.7	50.0
	Local employees				
	Canada	%	100.0	100.0	100.0
	Mexico <sup>15</sup>	%	85.1	94.8	100.0
	Employee diversity				
	Women	%	32.5	28.4	15.5
Men	%	67.5	71.6	84.5	
<b>Community Relations</b>	Total community investment	\$	197,358	41,393	24,521
	Local spend on goods and services	\$	25,946,072	10,301,261	1,717,158
	Number of project agreements	#	9	12	11
	Community feedback	#	4	0	Not tracked
	Engagements	#	19	Not tracked	Not tracked
<b>Environment</b>	Reportable environmental incidents	#	0	0	0
	Total energy use <sup>16</sup>	GJ	21,445.07	22,097.11 <sup>17</sup>	1,536.42
	Diesel	GJ	19,975.71	20,736.57 <sup>18</sup>	1,129.98
	Gasoline	GJ	813.89	1,116.75	384.24
	LPG	GJ	584.84	209.75	17.94
	Electricity	GJ	70.63	34.03	4.26
	Total GHG emissions <sup>19</sup>	tCO <sub>2</sub> e	1,692.77	1,733.38	167.16
	Scope 1 emissions	tCO <sub>2</sub> e	411.37	309.60	158.65
	Scope 2 emissions	tCO <sub>2</sub> e	2.60	3.99	0.58
	Scope 3 emissions	tCO <sub>2</sub> e	1,278.79	1,419.78	7.93
	Total water withdrawal <sup>20</sup>	m <sup>3</sup>	59,482	76,807	36,017
	Total water discharge <sup>21</sup>	m <sup>3</sup>	50,021	74,075	36,007
	Total water consumption <sup>22</sup>	m <sup>3</sup>	9,461	2,733	10
	Total water recycled <sup>23</sup>	m <sup>3</sup>	191	208	Not tracked
	Surface area disturbed	m <sup>2</sup>	314,209	59,677	3,975
	Surface area remediated	m <sup>2</sup>	22,695	1,000	600
Biodiversity					
Threatened and endangered species identified	#	26	12	6	

15 Local refers to in-state employees.

16 Local energy conversion factors are sourced from the Mexican Federal government, Secretaría de Energía. Emission factors are sourced from the Mexican Federal Government, Secretaría de Medio Ambiente y Recursos (SEMARNAT).

17,18 Data have been restated based on updates to the 2021 energy conversion factors for diesel.

19 Emission factors are sourced from the Mexican Federal Government, Secretaría de Medio Ambiente y Recursos (SEMARNAT).

20 Water withdrawal data is measured.

21 Water discharge data is estimated.

22 Water consumption data is calculated. Water consumption = water withdrawal - water discharge

23 A centrifuge system recycles some water used in our drilling operations.

## SASB INDEX

Discovery is reporting against the metrics listed within the Sustainability Accounting Standards Board for Metals and Mining.

TOPIC	CODE	ACCOUNTING METRIC	RESPONSE, LINK OR ADDITIONAL INFORMATION
<b>Greenhouse Gas Emissions</b>	EM-MM-110a.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	411.37 tCO <sub>2</sub> e
	EM-MM-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discovery is focused on establishing a baseline of its emissions and has been disclosing Scope 1, 2 and 3 emissions since 2020.  Refer to <b>Energy Use and Greenhouse Gases</b> for further information.
<b>Air Quality</b>	EM-MM-120a.1	Air emissions of the following pollutants:	As part of our environmental monitoring, Discovery began monitoring these indicators in 2022.
		(1) CO	(1) 0.00 ppmV
		(2) NOx (excluding N <sub>2</sub> O)	(2) 0.00 ppmV
		(3) SOx	(3) 0.00 mg/m <sup>3</sup>
		(4) Particulate matter (PM <sub>10</sub> )	(4) 2.20 µg/m <sup>3</sup>
		(5) Mercury (Hg)	(5) 0.00 mg
		(6) Lead (Pb)	(6) 0.14 µg/m <sup>3</sup>
(7) Volatile organic compounds (VOCs)	(7) 0.00 mg/m <sup>3</sup>		
<b>Energy Management</b>	EM-MM-130a.1	(1) Total energy consumed	(1) 21,445.07 GJ
		(2) Percentage grid electricity	(2) 0.23%
		(3) Percentage renewable	(3) 0.10%
<b>Water Management</b>	EM-MM-140a.1	(1) Total fresh water withdrawn	(1) Total groundwater withdrawn is 59,482 m <sup>3</sup>
		(2) Total fresh water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	(2) Total groundwater consumed is 9,461 m <sup>3</sup>
	EM-MM-140a.2	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	0

TOPIC	CODE	ACCOUNTING METRIC	RESPONSE, LINK OR ADDITIONAL INFORMATION
<b>Waste &amp; Hazardous Materials Management</b>	EM-MM-150a.4	Total weight of non-mineral waste generated	0
	EM-MM-150a.5	Total weight of tailings produced	0
	EM-MM-150a.6	Total weight of waste rock generated	0
	EM-MM-150a.7	Total weight of hazardous waste generated	5.7 metric tons
	EM-MM-150a.8	Total weight of hazardous waste recycled	10% (0.57 metric tons)
	EM-MM-150a.9	Number of significant incidents associated with hazardous materials and waste management	0
	EM-MM150a.10	Description of waste and hazardous materials management policies and procedures for active and inactive operations	Discovery has environmental practices to ensure the proper handling of hazardous materials.
<b>Biodiversity Impacts</b>	EM-MM-160a.1	Description of environmental management policies and practices for active sites	Discovery has a number of environmental practices to manage our environmental impacts.  Refer to the <a href="#">Protecting the Environment</a> for further information.
	EM-MM-160a.2	Percentage of mine sites where acid rock drainage is:  (1) Predicted to occur  (2) Actively mitigated  (3) Under treatment or remediation	Not applicable. The Cordero project is currently in the prefeasibility stage.
	EM-MM-160a.3	Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat	Not applicable. The Cordero project is currently in the prefeasibility stage.

TOPIC	CODE	ACCOUNTING METRIC	RESPONSE, LINK OR ADDITIONAL INFORMATION
<b>Security, Human Rights &amp; Rights of Indigenous Peoples</b>	EM-MM-210a.1	Percentage of (1) proved and (2) probable reserves in or near areas of conflict	Not applicable. The Cordero project is currently in the prefeasibility stage.
	EM-MM-210a.2	Percentage of (1) proved and (2) probable reserves in or near indigenous land	Not applicable. The Cordero project is currently in the prefeasibility stage.
	EM-MM-210a.3	Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict	Discovery has a Human Rights, Diversity and Inclusion Policy which outlines our commitment to protecting and respecting human rights
<b>Community Relations</b>	EM-MM-210b.1	Discussion of process to manage risks and opportunities associated with community rights and interests	We have a Social Management Plan to manage interests, concerns, risks, and opportunities related to the communities in which we operate.  For further information, refer to the <a href="#">Providing Long-term Socio-economic Benefits to the Communities in which we Operate</a> .
	EM-MM-210b.2	Number and duration of non-technical delays	0
<b>Labour Relations</b>	EM-MM-310a.1	Percentage of active workforce covered under collective bargaining agreements, broken down by U.S. and foreign employees	0
	EM-MM-310a.2	Number and duration of strikes and lockouts	0
<b>Workforce Health &amp; Safety</b>	EM-MM-320a.1	(1) MSHA all-incidence rate, and (b) contract employees	(1) Our Total Recordable Incident Frequency (TRIF) is 0.52
		(2) Fatality rate	(2) 0
		(3) Near-miss frequency rate (NMFR) <sup>24</sup>	(3) 3.66
		(4) Average hours of health, safety, and emergency response training for workforce	(4) 19.72



TOPIC	CODE	ACCOUNTING METRIC	RESPONSE, LINK OR ADDITIONAL INFORMATION
<b>Business Ethics &amp; Transparency</b>	EM-MM-510a.1	Description of the management system for prevention of corruption and bribery throughout the value chain	Discovery is committed to conducting business with high ethical standards.  Discovery's Code of Business Conduct and Ethics and Anti-Bribery and Anti-Corruption Policy articulates our expectations, and the Whistle Blower Policy sets out our requirements to ensure that a confidential and anonymous process exists for persons to report any issues. In 2022, we implemented a Whistleblower hotline.  Refer to <b>Our Policies and Systems</b> for further information.
	EM-MM-510a.2	Production in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	0%
<b>Tailings Storage Facilities Management</b>	EM-MM-540a.1	Tailings storage facility inventory table: (1) facility name, (2) location, (3) ownership status, (4) operational status, (5) construction method, (6) maximum permitted storage capacity, (7) current amount of tailings stored, (8) consequence classification, (9) date of most recent independent technical review, (10) material findings, (11) mitigation measures, (12) site-specific EPRP	Discovery does not have any tailings storage facilities.
	EM-MM-540a.2	Summary of tailings management systems and governance structure used to monitor and maintain the stability of tailings storage facilities	Discovery is still assessing the feasibility of its Cordero mine.
	EM-MM-540a.3	Approach to development of Emergency Preparedness and Response Plans (EPRPs) for tailings storage facilities	Discovery is still assessing the feasibility of its Cordero mine.



# Discovery silver

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