

May 11, 2021

To: The Shareholders of Discovery Silver Corp.

VOTING AT THE VIRTUAL MEETING

The Meeting will be hosted virtually via live audio webcast at <https://virtual-meetings.tsxtrust.com/1111>

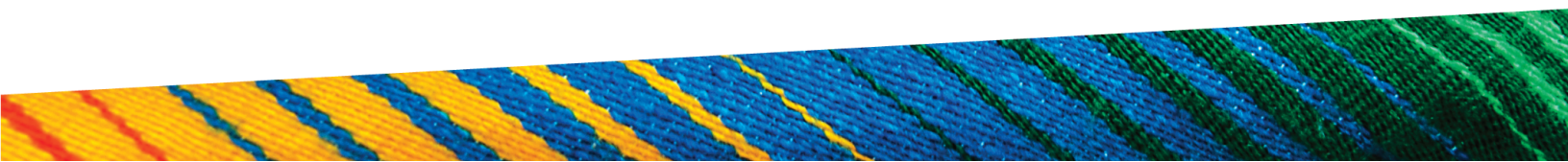
Registered Shareholders entitled to vote at the Meeting may attend and vote at the Meeting virtually by following the steps listed below:

1. Type in <https://virtual-meetings.tsxtrust.com/1111> on your browser at least 15 minutes before the Meeting starts.
2. Click on "**I have a control number**".
3. Enter your 12-digit control number (on your proxy form).
4. Enter the password: **discovery2021** (case sensitive).
5. When the ballot is opened, click on the "Voting" icon. To vote, simply select your voting direction from the options shown on screen and click **Submit**. A confirmation message will appear to show your vote has been received.

Beneficial Shareholders entitled to vote at the Meeting may vote at the Meeting virtually by following the steps listed below:

1. Appoint yourself as proxyholder by writing your name in the space provided on the form of proxy or VIF.
2. Sign and send it to your intermediary, following the voting deadline and submission instructions on the VIF.
3. Obtain a control number by contacting TSX Trust Company by emailing tsxtrustproxyvoting@tmx.com the "Request for Control Number" form, which can be found here <https://tsxtrust.com/resource/en/75>.
4. Type in <https://virtual-meetings.tsxtrust.com/1111> on your browser at least 15 minutes before the Meeting starts.
5. Click on "**I have a control number**".
6. Enter the control number provided by tsxtrustproxyvoting@tmx.com
7. Enter the password: **discovery2021** (case sensitive).
8. When the ballot is opened, click on the "Voting" icon. To vote, simply select your voting direction from the options shown on screen and click **Submit**. A confirmation message will appear to show your vote has been received.

If you are a registered shareholder and you want to appoint someone else (other than the Management nominees) to vote online at the Meeting, you must first submit your proxy indicating who you are appointing. You or your appointee must then register with TSX Trust in advance of the Meeting by emailing tsxtrustproxyvoting@tmx.com the "Request for Control Number" form, which can be found here <https://tsxtrust.com/resource/en/75>.



If you are a non-registered shareholder and want to vote online at the Meeting, you must appoint yourself as proxyholder and register with TSX Trust in advance of the Meeting by emailing tsxtrustproxyvoting@tmx.com the "Request for Control Number" form, which can be found here <https://tsxtrust.com/resource/en/75>.

Guests can also listen to the Meeting by following the steps below:

1. Type in <https://virtual-meetings.tsxtrust.com/1111> on your browser at least 15 minutes before the Meeting starts. Please do not do a Google Search. Do not use Internet Explorer.
2. Click on **"I am a Guest"**.

If you have any questions or require further information with regard to voting your Shares, please contact TSX Trust Company toll-free in North America at 1-866-600-5869 or by email at tmxeinvestorservices@tmx.com.

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NOTICE OF ANNUAL GENERAL MEETING

DISCOVERY SILVER CORP.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of all of the shareholders of **Discovery Silver Corp.** (the “**Company**”) will be held virtually by live audio webcast on **Friday, June 25, 2021 at 11:00 a.m. (EDT)** (the “**Meeting**”), for the following purposes:

1. To receive the audited annual financial statements of the Company for the year ended December 31, 2020, together with the auditor’s report thereon.
2. To appoint PricewaterhouseCoopers, Chartered Accountants as auditor of the Company for the ensuing year and to authorize the directors of the Company to fix their remuneration.
3. To set the number of directors of the Company at seven.
4. To elect the directors of the Company for the ensuing year.
5. To re-approve the Stock Option Plan of the Company.
6. To re-approve the Restricted Share Unit Plan and the Deferred Share Unit Plan of the Company.
7. To transact such further and other business as may properly come before the meeting or any adjournment thereof.

To attend the live audio webcast online, shareholders should access the following website at or immediately prior to the start time of the Meeting: <https://virtual-meetings.tsxtrust.com/1111> (password: discovery2021).

A list of persons proposed to be nominated for election as directors are set out in the management information circular accompanying this Notice.

Shareholders who are unable to attend the Meeting are requested to complete, date, and sign the form of proxy accompanying this Notice. If you are a registered shareholder and are unable to be present at the Meeting in person, in order for your proxy to be valid and your votes to be counted, you must date, execute and return the accompanying form of proxy to TSX Trust Company, at **Suite 301 - 100 Adelaide Street West, Toronto, ON, M5H 4H1** by not later than 11:00 a.m. (EDT) on Wednesday, June 23, 2021, or, if the Meeting is adjourned, not later than 48 hours (excluding Saturdays, Sundays, and holidays) before the time for holding the adjourned meeting. A Proxy can also be submitted by fax to TSX Trust at +1-416-361-0470 or by online voting at www.voteproxyonline.com.

If you are a non-registered shareholder and receive these materials through your broker or another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or other intermediary. If you are a non-registered shareholder and do not complete and return the materials in accordance with such instructions, you may lose the right to vote at the Meeting.

The board of directors of the Company has set record May 11, 2021, the record date for determining the shareholders entitled to receive notice of and to attend and vote at the Meeting.

Dated as of May 11, 2021.

ON BEHALF OF THE BOARD OF DIRECTORS

Taj Singh
President and Chief Executive Officer

DISCOVERY SILVER CORP.

701 – 55 University Avenue
Toronto, ON M5J 2H7

MANAGEMENT INFORMATION CIRCULAR

(containing information as at Tuesday, May 11, 2021 unless otherwise stated)

**For the Annual General Meeting
to be held on Friday, June 25, 2021**

SOLICITATION OF PROXIES

This Information Circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by the management (the “**Management**”) of Discovery Silver Corp. (the “**Company**”), for use at the annual general meeting (the “**Meeting**”) of the shareholders (“**Shareholders**”) of the Company to be held on Friday, June 25, 2021, at the hour of 11:00 a.m. EDT, in virtual-only format, which will be conducted via live audio webcast online at <https://virtual-meetings.tsxtrust.com/1111> (password: discovery2021) and for the purposes set forth in the accompanying Notice of Meeting and at any adjournment thereof.

The enclosed form of proxy (the “**Proxy**”) is solicited by Management. The solicitation will be primarily by mail; however, proxies may be solicited personally, by telephone, or through electronic media by the regular officers and employees of the Company. The cost of solicitation will be borne by the Company.

APPOINTMENT OF PROXYHOLDERS

The persons named in the Proxy are representatives of the Company.

A Shareholder entitled to vote at the Meeting has the right to appoint a person (who need not be a Shareholder) to attend and act on the Shareholder’s behalf at the Meeting other than the persons named in the accompanying form of proxy. To exercise this right, a Shareholder shall strike out the names of the persons named in the accompanying form of proxy and insert the name of the Shareholder’s nominee in the blank space provided, or complete another suitable form of proxy.

VOTING BY PROXYHOLDER

Manner of Voting

The common shares represented by the Proxy will be voted or withheld from voting in accordance with the instructions of the Shareholder on any ballot that may be called for and, if the Shareholder specifies a choice on the Proxy with respect to any matter to be acted upon, the shares will be voted accordingly. On any poll, the persons named in the Proxy (the “**Proxyholders**”) will vote the shares in respect of which they are appointed. Where directions are given by the Shareholder in respect of voting for or against any resolution, the Proxyholder will do so in accordance with such direction.

The Proxy, when properly signed, confers discretionary authority on the Proxyholder with respect to amendments or variations to the matters which may properly be brought before the Meeting. At the time of printing this Circular, Management is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting. However, if any other matters which are not now known to Management should properly come before the Meeting, the proxies hereby solicited will be exercised on such matters in accordance with the best judgment of the Proxyholder.

In the absence of instructions to the contrary, the Proxyholders intend to vote the common shares represented by each Proxy, properly executed, in favour of the motions proposed to be made at the Meeting as stated under the headings in this Circular.

Revocation of Proxy

A Shareholder who has given a Proxy may revoke it at any time before it is exercised. In addition to revocation in any other manner permitted by law, a Proxy may be revoked by instrument in writing executed by the Shareholder or by his or her attorney authorized in writing, or, if the Shareholder is a corporation, it must either be under its common seal or signed by a duly authorized officer and deposited with the Company's tabulator, TSX Trust Company ("**TSX Trust**") at **Suite 301- 100 Adelaide Street West, Toronto, ON, M5H 4H1**, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment of it, at which the Proxy is to be used, or to the Chair of the Meeting on the day of the Meeting or any adjournment of it. A revocation of a Proxy does not affect any matter on which a vote has been taken prior to the revocation.

Voting Thresholds Required for Approval

In order to approve a motion proposed at the Meeting, a majority of not less than one-half of the votes cast will be required (an "**Ordinary Resolution**") unless the motion requires a special resolution, in which case a majority of not less than two-thirds of the votes cast will be required. In the event a motion proposed at the Meeting requires "**Disinterested Shareholder Approval**", a majority of not less than one-half of the votes cast will be required excluding the count of votes cast by common shares held by Shareholders of the Company who are also "insiders" (as such term is defined under applicable securities laws), and common shares held by Shareholders of the Company who are "affiliates" (as such term is defined under applicable securities laws) of such insiders.

NOTICE-AND-ACCESS

In accordance with National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators ("**NI-54-101**"), the Corporation has given notice of the Meeting in accordance with the "Notice-and-Access" procedures of NI 54-101 ("**Notice-and-Access**"), pursuant to which it has sent the Notice of Meeting and the proxy, but not this Circular, directly to its Registered Shareholders and those non-registered (beneficial) Shareholders that have consented to allow their addresses to be provided to the Company ("**NOBO**")s). Arrangements have been made to forward proxy solicitation materials to the NOBOs.

The Company does not intend to pay for intermediaries such as stockbrokers, securities dealers, banks, trust companies, trustees, and their agents and nominees ("**Intermediaries**") to forward the Notice of Meeting, proxy, or *Request for Voting Instructions made by Intermediary* (54-107F7) to those Beneficial Shareholders (as defined below) that have refused to allow their address to be provided to the Corporation ("**OBO**")s). Accordingly, OBOs will not receive the Notice of Meeting, proxy, or *Request for Voting Instructions made by Intermediary* unless their respective Intermediaries assume the cost of forwarding such documents to them.

Instead of mailing this Circular to Shareholders, this Circular is being made available to Shareholders at <https://docs.tsxtrust.com/2242> and on SEDAR and has not been mailed to Shareholders. Shareholders may request, without any charge to them, a paper copy of the Circular (and the audited financial statements and related management's discussion and analysis for the Company's last financial year and any other documents referred to in the Circular) and further information on Notice and Access by contacting the Company as follows:

E-mail: tmxeinvestorservices@tmx.com

Telephone: **1-866-600-5869** (toll free), **+1-416-342-1091** (direct)

Mail: **Suite 301 - 100 Adelaide Street West, Toronto, ON, M5H 4H1**

Requests for paper copies of the Circular (and any other related documents) must be received by no later than 12:00 noon (Toronto time) on June 9, 2021 for Shareholders to receive paper copies of such documents and return their completed proxies by the deadline for submission of 11:00 a.m. (Toronto time) on June 23, 2021.

While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone or electronically by the directors and regular employees of the Company or other proxy solicitation services. All costs of solicitation will be borne by the Company.

ADVICE TO REGISTERED SHAREHOLDERS

Shareholders whose names appear on the records of the Company as the registered holders of common shares in the capital of the Company (the "**Registered Shareholders**") may choose to vote by proxy whether or not they are able to attend the Meeting in person.

Registered Shareholders who choose to submit a Proxy may do so by completing, signing, dating and depositing the Proxy with TSX Trust, at **Suite 301 - 100 Adelaide Street West, Toronto, ON, M5H 4H1**, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment thereof. The Proxy may be signed by the Shareholder or by his or her attorney in writing, or, if the Registered Shareholder is a corporation, it must either be under its common seal or signed by a duly authorized officer. A Proxy can also be submitted by fax to TSX Trust at +1-416-361-0470 or by online voting at www.voteproxyonline.com.

ADVICE TO BENEFICIAL SHAREHOLDERS

The information set forth in this section is of significant importance to many Shareholders as a substantial number of Shareholders do not hold shares in their own name.

Shareholders who do not hold their shares in their own name (the “**Beneficial Shareholders**”) should note that only proxies deposited by Registered Shareholders can be recognized and acted upon at the Meeting.

If shares are listed in an account statement provided to a Shareholder by an intermediary, such as a brokerage firm, then, in almost all cases, those shares will not be registered in the Shareholder’s name on the records of the Company. Such shares will more likely be registered under the name of the Shareholder’s intermediary or an agent of that intermediary, and consequently the Shareholder will be a Beneficial Shareholder. In Canada, the vast majority of such shares are registered under the name CDS & Co. (being the registration name for the Canadian Depositary for Securities, which acts as nominee for many Canadian brokerage firms). The shares held by intermediaries or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, an intermediary and its agents are prohibited from voting shares for the intermediary’s clients. Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their shares are communicated to the appropriate person.

These proxy-related materials are being made available by Notice-and-Access to both Registered Shareholders and Beneficial Shareholders of the Company. If you are a Beneficial Shareholder and the Company or its agent has sent a Notice of Meeting and proxy directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. The Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you; and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purpose of voting shares registered in the name of their broker, agent or nominee, a Beneficial Shareholder may attend the Meeting as a Proxyholder for a Registered Shareholder and vote their shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their shares as Proxyholder for a Registered Shareholder should contact their broker, agent or nominee well in advance of the Meeting to determine the steps necessary to permit them to indirectly vote their shares as a Proxyholder.

There are two kinds of Beneficial Shareholders, those who object to their name being made known to the issuers of securities that they own (“**OBOs**” for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are (“**NOBOs**” for Non-Objecting Beneficial Owners).

Non-Objecting Beneficial Owners

Pursuant to National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), issuers can obtain a list of their NOBOs from intermediaries for distribution of proxy-related materials directly to NOBOs. This year, the Company will rely on those provisions of NI 54-101 that permit it to directly deliver proxy-related materials to its NOBOs. As a result, NOBOs can expect to receive a scannable voting instruction form (“**VIF**”) from the Company’s tabulator, TSX Trust. These VIFs are to be completed and returned to TSX Trust in the envelope provided or by facsimile. In addition, TSX Trust provides internet voting as described on the VIF itself which contains complete instructions. TSX Trust will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs they receive.

If you are a Beneficial Shareholder and the Company or its agent has sent the Notice of Meeting and proxy to you directly, please be advised that your name, address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding your securities on your behalf. By choosing to send the Notice of Meeting and proxy to you directly, the Company (and not the intermediaries holding securities your behalf) has assumed responsibility for (i) delivering the proxy-related materials to you and (ii) executing your proper voting instructions as specified in the VIF.

Objecting Beneficial Owners

Beneficial Shareholders who are OBOs should follow the instructions of their intermediary carefully to ensure that their shares are voted at the Meeting.

Applicable regulatory rules require intermediaries to seek voting instructions from OBOs in advance of Shareholders' meetings. Every intermediary has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by OBOs in order to ensure that their shares are voted at the Meeting. The purpose of the form of proxy or voting instruction form provided to an OBO by its broker, agent or nominee is limited to instructing the registered holder of the shares on how to vote such shares on behalf of the OBO.

The form of proxy provided to OBOs by intermediaries will be similar to the Proxy provided to Registered Shareholders. However, its purpose is limited to instructing the intermediary on how to vote your shares on your behalf. The majority of intermediaries now delegate responsibility for obtaining instructions from OBOs to Broadridge Investor Communications ("**Broadridge**"). Broadridge typically supplies voting instruction forms, mails those forms to OBOs, and asks those OBOs to return the forms to Broadridge or follow specific telephonic or other voting procedures. Broadridge then tabulates the results of all instructions received by it and provides appropriate instructions respecting the voting of the shares to be represented at the meeting. **An OBO receiving a voting instruction form from Broadridge cannot use that form to vote shares directly at the Meeting. Instead, the voting instruction form must be returned to Broadridge or the alternate voting procedures must be completed well in advance of the Meeting in order to ensure that such shares are voted.**

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Except as otherwise disclosed herein, none of the directors ("**Directors**") or officers ("**Officers**") of the Company, at any time since the beginning of the Company's last financial year, nor any proposed nominee for election as a Director, or any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matters to be acted upon at the Meeting exclusive of the election of directors or the appointment of auditors. Directors and Officers may, however, be interested in the approval of the Option Plan as detailed in "*Approval of Stock Option Plan*" below, the approval of the Restricted Share Unit Plan and Deferred Share Unit Plan as detailed in "*Approval of Restricted Share Unit Plan and Deferred Share Unit Plan*" below, as such persons are entitled to participate in the Option Plan, Officers are entitled to participate in the Restricted Share Unit Plan, and non-employee Directors are entitled to participate in the Deferred Share Unit Plan.

RECORD DATE, VOTING SHARES, AND PRINCIPAL HOLDERS OF VOTING SECURITIES

A Shareholder of record at the close of business on May 11, 2021 (the "**Record Date**") who either personally attends the Meeting or who has completed and delivered a proxy in the manner and subject to the provisions described above, shall be entitled to vote or to have such shareholder's shares voted at the Meeting, or any adjournment thereof.

The Company's authorized capital consists of an unlimited number of common shares (the "**Common Shares**") without par value, and an unlimited number of preferred shares (the "**Preferred Shares**") without par value. As at the Record Date, the Company has 325,040,517 Common Shares issued and outstanding, each share carrying the right to one vote. There are no Preferred Shares outstanding.

2176423 Ontario Ltd. (a Company beneficially owned by Mr. Eric Sprott) beneficially owns and exercises control or direction over an aggregate 80,440,145 Common Shares, representing 24.7% of the Company's issued and outstanding Common Shares.

To the knowledge of the directors and senior officers of the Company, as of the date of this Circular, no other person owns, directs, or controls, directly or indirectly, 10% or more of the issued and outstanding Common Shares.

EXECUTIVE COMPENSATION

Statement of Executive Compensation

The following information regarding executive compensation is presented in accordance with National Instrument Form 51-102F6V – *Statement of Executive Compensation* (“**NI 52-102F6V**”), and sets forth compensation of Taj Singh, the Chief Executive Officer (“**CEO**”), President and a director of the Company, Andreas L’Abbé, the Chief Financial Officer and Corporate Secretary (“**CFO**”), Gernot Wober, the Vice President of Exploration (“**VP Exploration**”) (together with Andreas L’Abbé and Taj Singh, the “**NEOs**”), Forbes Gemmell, the Vice President of Corporate Development and Investor Relations (“**VP Corporate Development**”), Mark O’Dea, Murray John, Jesus Miguel Hernandez-Garza, Jeff Parr, Moira Smith, Daniel Vickerman, Vic Chevillon, and Jennifer Wagner, Directors of the Company, and Jose Alberto Vizquerra-Benavides, a former Director of the Company.

Director and NEO Compensation, Excluding Options and Compensation Securities

The following table sets out all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company to each NEO, in any capacity, and each Director, for the two most recently completed financial years.

<i>Table of Compensation Excluding Compensation Securities</i>								
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus⁽¹⁾ (\$)	Committee or meeting fees (\$)	Value of perquisites	Pension value (\$)	Value of all other compensation (\$)	Total compensation (\$)
Taj Singh ⁽²⁾ Director, President and CEO	Dec.31, 2020	275,000	96,250	N/A	N/A	N/A	N/A	371,250
	Dec.31, 2019	275,000	Nil	N/A	N/A	N/A	N/A	275,000
Andreas L’Abbé ⁽³⁾ CFO and Corporate Secretary	Dec.31, 2020	200,000	50,000	N/A	N/A	N/A	N/A	250,000
	Dec.31, 2019	169,583	Nil	N/A	N/A	N/A	N/A	169,583
Gernot Wober ⁽⁴⁾ VP Exploration	Dec.31, 2020	210,000	52,500	N/A	N/A	N/A	N/A	262,500
	Dec.31, 2019	210,000	Nil	N/A	N/A	N/A	N/A	210,000
Forbes Gemmell ⁽⁵⁾ VP Corporate Development	Dec.31, 2020	185,000	Nil	N/A	N/A	N/A	N/A	185,000
	Dec.31, 2019	Nil	Nil	N/A	N/A	N/A	N/A	Nil
Mark O’Dea ⁽⁶⁾ Director	Dec.31, 2020	42,500	Nil	N/A	N/A	N/A	N/A	42,500
	Dec.31, 2019	35,000	Nil	N/A	N/A	N/A	N/A	35,000
Murray John ⁽⁷⁾ Director	Dec.31, 2020	57,500	Nil	N/A	N/A	N/A	N/A	57,500
	Dec.31, 2019	45,000	Nil	N/A	N/A	N/A	N/A	45,000
Jesus Miguel Hernandez-Garza ⁽⁸⁾ Director	Dec.31, 2020	32,500	Nil	N/A	N/A	N/A	N/A	32,500
	Dec.31, 2019	25,000	Nil	N/A	N/A	N/A	N/A	25,000
Jeff Parr ⁽⁹⁾ Director	Dec.31, 2020	45,000	Nil	N/A	N/A	N/A	N/A	45,000
	Dec.31, 2019	35,000	Nil	N/A	N/A	N/A	N/A	35,000
Moira Smith ⁽¹⁰⁾ Director	Dec.31, 2020	40,000	Nil	N/A	N/A	N/A	N/A	40,000
	Dec.31, 2019	17,500	N/A	N/A	N/A	N/A	N/A	17,500
Daniel Vickerman ⁽¹¹⁾ Director	Dec.31, 2020	37,500	Nil	N/A	N/A	N/A	N/A	37,500
	Dec.31, 2019	10,416	N/A	N/A	N/A	N/A	N/A	10,416

Table of Compensation Excluding Compensation Securities								
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus⁽¹⁾ (\$)	Committee or meeting fees (\$)	Value of perquisites	Pension value (\$)	Value of all other compensation (\$)	Total compensation (\$)
Vic Chevillon ⁽¹²⁾ Director	Dec.31, 2020	32,500	Nil	N/A	N/A	N/A	N/A	32,500
	Dec.31, 2019	10,416	N/A	N/A	N/A	N/A	N/A	10,416
Jennifer Wagner ⁽¹³⁾ Director	Dec.31, 2020	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Dec.31, 2019	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Jose Alberto Vizquerra-Benavides ⁽¹⁴⁾ Director	Dec.31, 2020	12,930	Nil	N/A	N/A	N/A	N/A	12,930
	Dec.31, 2019	35,000	Nil	N/A	N/A	N/A	N/A	35,000

- (1) During 2021, the Board awarded short-term incentive payments to the NEO's totaling \$588,000. These were paid in 2021 and therefore not included in the table above.
- (2) Taj Singh was appointed as a director and as President and CEO of the Company on August 17, 2017.
- (3) Andreas L'Abbé was appointed as CFO of the Company on December 18, 2017 and as Corporate Secretary on August 1, 2018. On August 12, 2019, Mr. L'Abbé's salary was increased to \$200,000 per annum.
- (4) Gernot Wober was appointed as Vice President of Exploration on July 9, 2018.
- (5) Forbes Gemmell was appointed as Vice President of Corporate Development and Investor Relations on January 6, 2020. Although not a "named executive officer" pursuant to NI 51-102F6V, the Company considers Mr. Gemmell an integral part of the executive management team and is voluntarily disclosing his compensation.
- (6) Mark O'Dea was appointed as a director of the Company on June 27, 2017. During 2020, Mr. O'Dea was paid the remaining \$25,000 in consulting fees, previously approved by the Board of Directors, in connection with the 2017 qualifying transaction.
- (7) Murray John was appointed as a director of the Company on June 27, 2017.
- (8) Jesus Miguel Hernandez-Garza was appointed as a director of the Company on August 17, 2017. Mr. Hernandez-Garza is not standing for re-election in 2021.
- (9) Jeff Parr was appointed as a director of the Company on August 17, 2017.
- (10) Moira Smith was appointed as a director of the Company on June 26, 2019. Ms. Smith was formerly on the Company's Advisory Board.
- (11) Daniel Vickerman was appointed as a director of the Company on August 2, 2019, after the Company's acquisition of Levon Resources Ltd.
- (12) Vic Chevillon was appointed as a director of the Company on August 2, 2019, after the Company's acquisition of Levon Resources Ltd. Mr. Chevillon is not standing for re-election in 2021.
- (13) Jennifer Wagner was appointed as a director of the Company on March 12, 2021.
- (14) Jose Alberto Vizquerra-Benavides was appointed as a director of the Company on August 17, 2017. Mr. Vizquerra-Benavides did not stand for re-election in 2020. Fees were paid during the five months of 2020, prior to his resignation from the Board on May 14, 2020.

Stock Options and Other Compensation Securities and Instruments

The following table sets out all compensation securities granted or issued to each NEO and Director by the Company or one of its subsidiaries for the financial year ended December 31, 2020:

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price	Closing price of security or underlying security on date of grant	Closing price of security or underlying security at year end	Expiry Date
Taj Singh Director, President and CEO	Stock Options	500,000	04/27/2020	\$0.47	\$0.47	\$1.96	04/27/2025

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price	Closing price of security or underlying security on date of grant	Closing price of security or underlying security at year end	Expiry Date
Andreas L' Abbé CFO and Corporate Secretary	Stock Options	400,000	04/27/2020	\$0.47	\$0.47	\$1.96	04/27/2025
Gernot Wober VP Exploration	Stock Options	400,000	04/27/2020	\$0.47	\$0.47	\$1.96	04/27/2025
Forbes Gemmell ⁽¹⁾ VP Corporate Development	Stock Options	450,000 400,000	04/27/2020 01/06/2020	\$0.47 \$0.65	\$0.47 \$0.65	\$1.96 \$1.96	04/27/2025 01/06/2025
Mark O'Dea Director	Stock Options	500,000	04/27/2020	\$0.47	\$0.47	\$1.96	04/27/2025
Murray John Director	Stock Options	500,000	04/27/2020	\$0.47	\$0.47	\$1.96	04/27/2025
Jesus Miguel Hernandez-Garza Director	Stock Options	150,000	04/27/2020	\$0.47	\$0.47	\$1.96	04/27/2025
Jeff Parr Director	Stock Options	350,000	04/27/2020	\$0.47	\$0.47	\$1.96	04/27/2025
Moir Smith Director	Stock Options	350,000	04/27/2020	\$0.47	\$0.47	\$1.96	04/27/2025
Daniel Vickerman Director	Stock Options	250,000	04/27/2020	\$0.47	\$0.47	\$1.96	04/27/2025
Vic Chevillon Director	Stock Options	250,000	04/27/2020	\$0.47	\$0.47	\$1.96	04/27/2025
Jennifer Wagner Director	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
Jose Alberto Vizquerra-Benavides Director	Stock Options	150,000	04/27/2020	\$0.47	\$0.47	\$1.96	04/27/2025

(1) Forbes Gemmell was appointed as Vice President of Corporate Development and Investor Relations on January 6, 2020. Although not a "named executive officer" pursuant to NI 51-102F6V, the Company considers Mr. Gemmell an integral part of the executive management team and is voluntarily disclosing his compensation. The 400,000 stock options were granted to Mr. Gemmell on commencement of his employment with the Company.

(2) Jennifer Wagner was appointed as a director of the Company on March 12, 2021 and was granted 300,000 stock options.

Stock Option Plans and Other Incentive Plans

Summary of Stock Option Plan

The Company has adopted a Stock Option Plan (the "**Option Plan**") pursuant to which the board of directors of the Company (the "**Board**") may grant options (the "**Options**") to NEOs, directors, and employees of the Company or affiliated corporations and to consultants retained by the Company. The Option Plan was most recently re-approved by the Shareholders on June 26, 2020, and a resolution to re-approve the Option Plan will be presented to the Shareholders for approval at the Meeting. See "*Approval of Stock Option Plan*" below.

The purpose of the Option Plan is to attract, retain, and motivate NEOs, directors, employees and other service providers by providing them with the opportunity, through options, to acquire an interest in the Company and benefit from the Company's growth. Under the Option Plan, the maximum number of Common Shares reserved for issuance, including Options, Restricted Share Units, and Deferred Shares Units currently outstanding, is equal to 10% of the

Common Shares outstanding from time to time (the “**10% Maximum**”). The 10% Maximum is an “evergreen” provision, meaning that, following the exercise, termination, cancellation or expiration of any Options, a number of Common Shares equivalent to the number of options so exercised, terminated, cancelled or expired would automatically become reserved and available for issuance in respect of future Option, Restricted Share Unit, and Deferred Share Unit grants.

The number of Common Shares which may be the subject of Options on a yearly basis to any one person cannot exceed 5% percent of the number of issued and outstanding Common Shares at the time of the grant. Options may be granted to any employee, officer, director, consultant, affiliate or subsidiary of the Company exercisable at a price which is not less than the market price of common shares of the Company on the date of the grant. The directors of the Company may, by resolution, determine the time period during which any Option may be exercised (the “**Exercise Period**”), provided that the Exercise Period does not contravene any rule or regulation of such exchange on which the Common Shares may be listed. All Options will terminate on the earliest to occur of (a) the expiry of their term; (b) the date of termination of an optionee’s employment, office or position as director, if terminated for just cause; (c) 90 days (or such other period of time as permitted by any rule or regulation of such exchange on which the Common Shares may be listed) following the date of termination of an optionee’s position as a director or NEO, if terminated for any reason other than the optionee’s disability or death; (d) 30 days following the date of termination of an optionee’s position as a consultant engaged in investor relations activities, if terminated for any reason other than the optionee’s disability, death, or just cause; and (e) the date of any sale, transfer or assignment of the Option.

Options are non-assignable and are subject to early termination in the event of the death of a participant or in the event a participant ceases to be a NEO, director, employee, consultant, affiliate, or subsidiary of the Company, as the case may be. Subject to the foregoing restrictions, and certain other restrictions set out in the Option Plan, the Board is authorized to provide for the granting of Options and the exercise and method of exercise of options granted under the Option Plan.

There are presently 18,703,558 Options outstanding under the Option Plan, 15,017,100 of which are held directly and indirectly by NEOs or directors of the Company.

Summary of Restricted Share Unit Plan

The Company has adopted a Restricted Share Unit Plan (“**RSU Plan**”) pursuant to which the Board may grant restricted share units (the “**RSUs**”) to NEOs, directors, and employees of the Company or affiliated corporations and to consultants retained by the Company. The RSU Plan was approved by the Shareholders on June 26, 2020, and a resolution to re-approve the RSU Plan will be presented to the Shareholders for approval at the Meeting. See “*Approval of Restricted Share and Deferred Share Unit Plan*” below.

The purpose of the RSU Plan is to allow for certain discretionary bonuses and similar awards as an incentive and reward for selected eligible persons related to the achievement of long-term financial and strategic objectives of the Company and the resulting increases in Shareholder value. The RSU Plan is intended to promote a greater alignment of interests between the Shareholders and the selected eligible persons by providing an opportunity to participate in increases in the value of the Company. RSUs are akin to “phantom shares” that track the value of the underlying Common Shares but do not entitle the recipient to the actual underlying Common Shares until such RSUs vest. Under the RSU Plan, the maximum number of Common Shares reserved for issuance, including Options, RSUs and DSUs (defined below) currently outstanding, is equal to 10% of the Common Shares outstanding from time to time (the “**10% Maximum**”). The 10% Maximum is an “evergreen” provision, meaning that, following the exercise, termination, cancellation, or expiration of any Options, RSUs, or DSUs, a number of Common Shares equivalent to the number of options so exercised, terminated, cancelled, or expired would automatically become reserved and available for issuance in respect of future Option, RSU, or DSU grants.

The maximum number of Common Shares available for issuance upon the vesting of RSUs under the RSU Plan and the DSU Plan (defined below), in the aggregate, is the lower of 7,000,000 Common Shares, or 5% of the issued and outstanding Common Shares from time to time, and in combination with all security-based compensation arrangements of the Company (including the Company’s Option Plan and DSU Plan), will not exceed 10% of the issued and outstanding Common Shares. The maximum number of Common Shares issuable to insiders of the Company under all security-based compensation arrangements, including the Option Plan, the RSU Plan and DSU Plan at any time cannot exceed 10% of the issued and outstanding Common Shares and the number of securities to be issued to Insiders of the Company pursuant to such arrangements within any one-year period, cannot exceed 10% of the issued and outstanding Common Shares. The maximum number of Common Shares issuable under the Option Plan, the RSU Plan, the DSU Plan (defined below) to any one RSU Eligible Person shall not exceed 2% of the total number of issued and outstanding Common Shares on a non-diluted basis at the date of grant; and within any one-

year period to any one RSU Eligible Person, shall not exceed 5% of the total number of issued and outstanding Common Shares on the grant date on a non-diluted basis. RSU Awards which vest will not be available for re-grant under the RSU Plan.

No RSUs have been issued by the Company to the date of this Circular.

Summary of Deferred Share Unit Plan

The Company has adopted a Deferred Share Unit Plan (“**DSU Plan**”) pursuant to which the Board may grant deferred share units (the “**DSUs**”) to non-employee Directors, or Directors otherwise designated by the Board to be eligible for the DSU Plan. The DSU Plan was most recently approved by the Shareholders on June 26, 2020, and a resolution to re-approve the DSU Plan will be presented to the Shareholders for approval at the Meeting. See “*Approval of Restricted Share and Deferred Share Unit Plan*” below.

The purpose of the DSU Plan is to provide non-employee directors of the Company with the opportunity to acquire DSUs and enable them to participate in the long-term success of the Company and to promote a greater alignment of interests between directors of the Company and its Shareholders. A DSU essentially tracks the value of the underlying Common Shares but does not entitle the recipient to the actual underlying Common Shares until such DSUs vest. Under the DSU Plan, the maximum number of Common Shares reserved for issuance, including Options, RSUs, and DSUs currently outstanding, is equal to 10% of the Common Shares outstanding from time to time (the “**10% Maximum**”). The 10% Maximum is an “evergreen” provision, meaning that, following the exercise, termination, cancellation, or expiration of any Options, RSUs, or DSUs, a number of Common Shares equivalent to the number of options so exercised, terminated, cancelled, or expired would automatically become reserved and available for issuance in respect of future Option, RSU, or DSU grants.

The maximum number of Common Shares available for issuance upon the vesting of DSUs under the DSU Plan and the RSU Plan, in the aggregate, is currently limited to the lower of 3,000,000 Common Shares, and 5% of the issued and outstanding Common Shares from time to time, and in combination with all security-based compensation arrangements of the Company (including the Company’s Option Plan and RSU Plan), will not exceed 10% of the issued and outstanding Common Shares. The maximum number of Common Shares issuable to insiders of the Company under all security-based compensation arrangements, including the Option Plan, the DSU Plan and RSU Plan at any time cannot exceed 10% of the issued and outstanding Common Shares and the number of securities to be issued to Insiders of the Company pursuant to such arrangements within any one-year period, cannot exceed 10% of the issued and outstanding Common Shares. The maximum number of Common Shares issuable under the Option Plan, the RSU Plan, the DSU Plan to any one DSU Eligible Person shall not exceed 2% of the total number of issued and outstanding Common Shares on a non-diluted basis at the date of grant; and within any one-year period to any one DSU Eligible Person, shall not exceed 5% of the total number of issued and outstanding Common Shares on the grant date on a non-diluted basis. DSU Awards which vest will not be available for re-grant under the DSU Plan.

No DSUs have been issued by the Company to the date of this Circular.

Employment, Consulting, and Management Agreements

Management functions of the Company are not, to any substantial degree, performed other than by directors or NEOs of the Company. There are no agreements or arrangements that provide for compensation to NEOs or directors of the Company, or that provide for payments to a NEO or director at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, severance, a change of control in the Company or a change in the NEO or director’s responsibilities, other than as follows: (1) Taj Singh, President and Chief Executive Officer, has a management agreement in effect with the Company which provides him with an annual salary of \$350,000 per year; and (2) Andreas L’Abbé, Chief Financial Officer and Corporate Secretary, has a management agreement in effect with the Company which provides him with an annual salary of \$225,000 per year; and (3) Gernot Wober, VP Exploration has a management agreement in effect with the Company which provides him with an annual salary of \$275,000 per year; and (4) Forbes Gemmell has a management agreement in effect with the Company which provides him with an annual salary of \$220,000 per year. The management agreements for Mr. Singh, Mr. L’Abbé, Mr. Wober and Mr. Gemmell each have the following severance provisions: (a) payment of 25% of annual salary if termination date is less than 6 months from the effective date of the agreement; (b) payment of 50% of annual salary if termination date is between 6 and 12 months from the effective date of the agreement; (c) payment of 100% of annual salary if termination date is greater than 12 months from the date of the agreement; and (d) in the event of a change of control of the Company, payment of 200% of annual salary as a severance payment and an additional lump sum equal to two times the average bonus awarded to the individual during the 24 months preceding the change of control date.

Oversight and Description of Director and NEO Compensation

Compensation of Directors

Compensation of directors of the Company is reviewed annually and determined by the Compensation Committee of the Board (the “**Compensation Committee**”) with input from independent third-party reports. The level of compensation for directors is determined after consideration of various relevant factors, including input from independent third-party reports, the expected nature and quantity of duties and responsibilities, past performance, comparison with compensation paid by other issuers of comparable size and nature, and the availability of financial resources.

In the Board’s view, there is, and has been, no need for the Company to design or implement a formal compensation program for directors. While the Board considers Option, DSU, and RSU grants to directors under the Option Plan, the DSU Plan, and the RSU Plan from time to time, the Board does not employ a prescribed methodology when determining the grant or allocation of Options, DSUs, or RSUs. Other than the Option Plan, the DSU Plan, and the RSU Plan, as discussed above, the Company does not offer any long-term incentive plans, share compensation plans, or any other such benefit programs for directors.

Compensation of NEOs

Compensation of NEOs is reviewed annually and determined by the Compensation Committee. The level of compensation for NEOs is determined after consideration of various relevant factors, including input from independent third-party reports the expected nature and quantity of duties and responsibilities, past performance, comparison with compensation paid by other issuers of comparable size and nature, and the availability of financial resources. Beginning with the 2018 fiscal year, the Compensation Committee designed and implemented a formal compensation program for NEOs.

Elements of NEO Compensation

As discussed above, the Company provides an Option Plan and an RSU Plan to motivate NEOs by providing them with the opportunity, through Options and RSUs, to acquire an interest in the Company and benefit from the Company’s growth. The Board does not employ a prescribed methodology when determining the grant or allocation of Options or RSUs to NEOs. Other than the Option Plan and the RSU Plan, the Company does not offer any other long-term incentive plans, share compensation plans, retirement plans, pension plans, or any other such benefit programs for NEOs.

Pension Plan Benefits

No pension, retirement or deferred compensation plans, including defined contribution plans, have been instituted by the Company and none are proposed at this time.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out information with respect to all compensation plans under which equity securities are authorized for issuance as at December 31, 2020:

Equity Compensation Plan Information			
Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	13,559,808	\$0.50	16,941,447 ⁽¹⁾
Equity compensation plans not approved by securityholders ⁽²⁾	52,991,949	\$1.08	Nil
Total	66,551,757	\$0.96	16,941,447⁽¹⁾

- (1) Represents the number of Common Shares available for issuance under the Option Plan, the RSU Plan, and the DSU Plan which reserves a number of Common Shares for issuance, pursuant to the exercise of Options, DSUs, or RSUs that is equal to 10% of the issued and outstanding Common Shares from time to time.
- (2) These securities are warrants issued in private placements on August 17, 2017, and November 4, 2019, May 29, 2020, June 8, 2020 and August 7, 2020, and replacement warrants issued on acquisition of Levon Resources Ltd. on August 2, 2019. On February 17, 2019, 1,244,460 of 32,908,960 private placement warrants issued in the August 17, 2017 placement expired unexercised. On February 13, 2020, all 1,414,168 replacement warrants issued on acquisition of Levon Resources Ltd. on August 2, 2019 expired unexercised. During 2020, an aggregate total of 15,803,696 warrants were exercised and subsequent to December 31, 2020, an aggregate of 19,121,713 warrants have been exercised, and 97,000 of the warrants issued on August 17, 2017, expired unexercised. On May 11, 2021, there were 33,773,236 warrants outstanding with a weighted average exercise price of \$1.13.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As of the date hereof, other than indebtedness that has been entirely repaid on or before the date of this Circular or “routine indebtedness”, as that term is defined in Form 51-102F5 of National Instrument 51-102 – *Continuous Disclosure Obligations*, none of

- (a) the individuals who are, or at any time since the beginning of the last financial year of the Company were, a Director or Officer;
- (b) the proposed nominees for election as Directors; or
- (c) any associates of the foregoing persons,

is, or at any time since the beginning of the most recently completed financial year has been, indebted to the Company or any Subsidiary of the Company, or is a person whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any Subsidiary.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

For purposes of the following discussion, “**Informed Person**” means:

- (a) a Director or Officer;
- (b) a Director or executive officer of a person or company that is itself an Informed Person or a Subsidiary;
- (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the Company, other than the voting securities held by the person or company as underwriter in the course of a distribution; and
- (d) the Company itself if it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

Except as disclosed below, elsewhere herein or in the Notes to the Company’s financial statements for the year ended December 31, 2020, none of:

- (a) the Informed Persons of the Company;
- (b) the proposed nominees for election as a Director; or
- (c) any associate or affiliate of the foregoing persons,

has any material interest, direct or indirect, in any transaction since the commencement of the Company’s most recently completed financial year or in a proposed transaction which has materially affected or would materially affect the Company or any subsidiary of the Company.

Jesus Miguel Hernandez-Garza is a Director of the Company and, as disclosed in a news release of the Company dated August 17, 2017, the Company is party to a mineral exploration and option agreement among Mr. Hernandez-Garza and Juan Reynaldo Elizondo Falcon (together, the “**Vendors**”) and the Company dated April 7, 2017, pursuant to which the Company may exercise an option (the “**Puerto Rico Option**”) to acquire certain mineral concessions located in Ocampo, Coahuila, Mexico, forming part of the Puerto Rico mining-metallurgical project (the “**Puerto Rico Property**”) from the Vendors. Pursuant to the Puerto Rico Option, a cash payment of US\$300,000 has been paid to the Vendors and an aggregate of 500,000 Common Shares have been issued to the Vendors, each at the closing of the option agreement. The Company and the Vendors amended the original terms of the Puerto Rico Option, as described in the Company’s audited consolidated financial statements for the year-ended December 31, 2020, available at www.sedar.com. To fully exercise the Puerto Rico Option and acquire the Puerto Rico Property, the Company is required to issue 6,000,000 Common Shares with a minimum and maximum value of C\$1.00 and C\$3.00, respectively. The amended terms include the additional cash payment of US\$300,000 owing to the Vendors, now to be paid in 10 monthly instalments upon the receipt of all necessary permits and approvals to conduct drilling activities on the Puerto Rico Mineral Concessions from the applicable authorities and the issuance of four tranches of 250,000 Common Shares with the first issuance of Common Shares occurring on the first anniversary of the receipt of all necessary permits. Additional milestone payments include 1,500,000 Common Shares if the Company files a Preliminary Economic Assessment, 1,500,000 Common Shares if the Company files a Pre-Feasibility Study and 3,000,000 Common Shares if the Company begins construction to carry out exploitation. All Common Share consideration has the same minimum and maximum value of C\$1.00 and C\$3.00, respectively and are held in escrow being released 1/3 every six months beginning six months after the date of issuance. All share consideration can be paid in cash in lieu of Common Shares.

In addition to the Puerto Rico Option, the Company and the Vendors entered into additional mineral concessions as described in the news release dated April 7, 2017, as available at www.sedar.com.

APPOINTMENT OF AUDITOR

PricewaterhouseCoopers, Chartered Accountants (“**PwC**”) is the Company’s auditor and was first appointed as the Company’s auditor on September 13, 2017. Management is recommending the re-appointment of PwC as Auditors for the Company, to hold office until the next annual general meeting of the shareholders at a remuneration to be fixed by the Board. Management recommends the appointment, and the persons named in the enclosed form of Proxy intend to vote in favour of such appointment.

MANAGEMENT CONTRACTS

Except as disclosed herein, the Company is not a party to a Management Contract whereby management functions are to any substantial degree performed other than by the directors or executive officers of the Company.

PARTICULARS OF MATTERS TO BE ACTED UPON

Presentation of Financial Statements

The audited financial statements of the Company for the year ended December 31, 2020 (the “**Financial Statements**”) and the auditor’s report thereon (the “**Auditor’s Report**”), will be presented to Shareholders at the Meeting.

The Financial Statements, Auditor’s Report, and management’s discussion and analysis for the year ended December 31, 2020, are available under the Company’s profile on SEDAR at www.sedar.com. The Notice of Annual General Meeting of Shareholders, Information Circular, Request for Financial Statements, and form of Proxy will be available from TSX Trust at <https://docs.tsxtrust.com/2242> or from the office of the Company’s counsel, which is located at Suite 2200, HSBC Building, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

Appointment and Remuneration of Auditor

Shareholders will be asked to approve the re-appointment of PricewaterhouseCoopers (“**PwC**”) as the auditor of the Company to hold office until the next Annual General Meeting of the Shareholders at remuneration to be fixed by the Board.

In the absence of instructions to the contrary, the Proxyholders intend to vote the Common Shares represented by each Proxy, properly executed, FOR appointing PwC as the Company’s independent auditor for the ensuing year, and FOR authorizing the Board to fix the auditor’s pay.

Fixing the Number of Directors

Management proposes, and the persons named in the accompanying form of proxy intend to vote in favour of, fixing the number of Directors for the ensuing year at seven. Although Management is nominating seven individuals to stand for election, the names of further nominees for Directors may come from the floor at the Meeting.

In the absence of instructions to the contrary, the Proxyholders intend to vote the Common Shares represented by each Proxy, properly executed, FOR fixing the number of Directors at seven for the ensuing year.

Election of Directors

The persons named in the enclosed Instrument of Proxy intend to vote in favour of fixing the number of directors at seven. Although Management is nominating seven individuals to stand for election, the names of further nominees for Directors may come from the floor at the Meeting.

Each director of the Company is elected annually and holds office until the next annual general meeting of Shareholders or until his or her successor is duly elected, unless his or her office is earlier vacated, in accordance with the Articles of the Company.

In the absence of instructions to the contrary, the shares represented by Proxy will be voted for the nominees herein listed. Management does not contemplate that any of the nominees will be unable to serve as a Director.

The following table sets out the names of the persons proposed to be nominated by Management for election as a Director, the province or state and country in which he or she is ordinarily resident, the positions and offices which each presently holds with the Company, the period of time for which he or she has been a director of the Company, the respective principal occupations or employment during the past five years if such nominee is not presently an elected director and the number of shares of the Company which each beneficially owns, directly or indirectly, or over which control or direction is exercised as of the date of this Information Circular. Each of the nominees are currently directors of the Company.

Name, Province and Country of ordinary residence⁽¹⁾, and positions held with the Company	Principal occupation and, IF NOT an elected Director, principal occupation during the past five years⁽¹⁾	Date serving as a Director since⁽²⁾	No. of shares beneficially owned or controlled⁽¹⁾
TAJ SINGH Ontario, Canada President, CEO and Director	President, CEO and Director of Discovery Silver Corp. since August 2017.	August 17, 2017	1,786,000 common shares
MARK O'DEA ⁽⁴⁾⁽⁶⁾ British Columbia, Canada Director	Director and Chairman of Liberty Gold Corp., Director of Pure Gold Mining Inc., and Executive Chair of NorthWest Copper Corp. (formerly Sun Metals Corp.)	June 27, 2017	4,800,000 common shares
MURRAY JOHN ⁽³⁾⁽⁴⁾⁽⁶⁾ British Columbia, Canada Director and Chairman	Retired mining engineer, investment fund manager and mining industry executive.	June 27, 2017	1,000,000 common shares
JEFF PARR ⁽³⁾⁽⁴⁾ Ontario, Canada Director	Director and Audit Committee Chair of Kirkland Lake Gold Ltd. from November 2016 to May 2019. Elected Chairman of the Board in May 2019.	August 20, 2017	499,605 common shares
MOIRA SMITH ⁽⁵⁾ Nevada, USA Director	Vice President, Exploration and Geoscience (formerly Chief Geologist) of Liberty Gold Corp. (formerly Pilot Gold Inc.) since April 2011	June 26, 2019	895,000 common shares
DANIEL VICKERMAN ⁽³⁾⁽⁶⁾ London, England Director	SVP Corporate Development and Director of Blackrock Silver Corp. and former Managing Director, Head of UK of Beacon Securities UK. Formerly Chairman of the Board of Directors of Levon Resources Ltd.	August 2, 2019	220,000 common shares
JENNIFER WAGNER Ontario, Canada Director	Executive Vice President of Corporate Affairs and Sustainability for Kirkland Lake Gold Ltd. and Director of Generation Mining Limited.	March 12, 2021	Nil

- (1) This information, not being within the knowledge of the Company, has been furnished by the respective nominees. Information provided as at the Record Date.
- (2) The Company does not set expiry dates for the terms of office of Directors. Each Director holds office as long as he or she is elected annually by Shareholders at Annual General Meetings, unless his or her office is earlier vacated in accordance with the Articles of the Company.
- (3) Member of Audit Committee.
- (4) Member of Compensation Committee.
- (5) Member of Health, Safety, and Sustainability Committee.
- (6) Member of the Nominating and Corporate Governance Committee.

Cease Trade Orders, Corporate and Personal Bankruptcies, Penalties, and Sanctions

For purposes of the disclosure in this section, an “order” means a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days; and for purposes of item (a)(i) below, specifically includes a management cease trade order which applies to directors or executive officers of a relevant company that was in effect for a period of more than 30 consecutive days whether or not the proposed director was named in the order.

Other than disclosed below, none of the proposed directors, including any personal holding company of a proposed director:

- (a) is, as at the date of this Circular, or has been, within the 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:

- (i) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, in effect for a period of more than 30 consecutive days (each, an “**order**”) that was issued while the proposed director was acting in the capacity as a director, chief executive officer or chief financial officer of the company; or
- (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer of the company; or
- (b) is, as at the date of this Circular, or has been, within the 10 years before the date of this Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets;
- (c) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director;
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority since December 31, 2000, or before December 31, 2000 if the disclosure of which would likely be important to a reasonable security holder in deciding whether to vote for a proposed director; or
- (e) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

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

Re-Approval of Stock Option Plan

Shareholders are being asked to re-approve the Option Plan which was approved by the Shareholders on October 3, 2016 and most recently re-approved on June 26, 2020. There have been no changes to the Option Plan since it was previously approved by the Shareholders. The Option Plan is subject to the approval of the Exchange.

The following information is intended as a brief description of the Option Plan and is qualified in its entirety by the full text of the Option Plan, attached to this Circular as Schedule A, and which will be available for review at the Meeting.

- (i) The maximum number of Common Shares that may be issued upon the exercise of Options granted under the Option Plan shall not exceed 10% of the issued and outstanding Common Shares of the Company at the time of grant, the exercise price of which, as determined by the Board in its sole discretion, shall not be less than the closing price of the Common Shares traded through the facilities of the Exchange prior to the announcement of the option grant, or, if the Common Shares are no longer listed for trading on the Exchange, then such other exchange or quotation system on which the shares are listed or quoted for trading.
- (ii) The Board shall not grant Options to any one person in any 12 month period which will, when exercised, exceed 5% of the issued and outstanding Common Shares or to any one consultant or to those persons employed by the Company who perform investor relations services which will, when exercised, exceed 2% of the issued and outstanding Common Shares.
- (iii) Upon expiry of an Option, or in the event an option is otherwise terminated for any reason, the number of shares in respect of the expired or terminated option shall again be available for the purposes of the Option Plan. All Options granted under the Option Plan may not have an expiry date

exceeding 10 years from the date on which the board of directors grant and announce the granting of the Option.

- (iv) If the option holder ceases to be a director of the Company or ceases to be employed by the Company (other than by reason of death), or ceases to be a consultant of the Company as the case may be, then the Option granted shall expire on no later than the 90th day following the date that the option holder ceases to be a director, ceases to be employed by the Company or ceases to be a consultant of the Company, subject to the terms and conditions set out in the Option Plan.

In accordance with the policies of the Exchange, a plan with a rolling 10% maximum must be confirmed by the Shareholders at each annual general meeting.

Shareholders will be asked to pass the following Ordinary Resolution approving the Option Plan:

“BE IT RESOLVED THAT the Company’s Option Plan, be and is hereby ratified, confirmed and approved.”

In the absence of instructions to the contrary, the Proxyholders intend to vote the Common Shares represented by each Proxy, properly executed, FOR approval of the Option Plan.

Re-Approval of Restricted Share Unit Plan and Deferred Share Unit Plan

Shareholders are being asked to re-approve the Restricted Share Unit Plan and the Deferred Share Unit Plan which were approved by the Shareholders on June 26, 2020. There have been no changes to the RSU Plan or the DSU Plan since they were previously approved by the Shareholders. The RSU Plan and DSU Plan are each subject to the approval of the Exchange.

The following information is intended as a brief description of the RSU Plan and the DSU Plan and is qualified in its entirety by the full texts of each of the RSU Plan and the DSU Plan, attached to this Circular as Schedule B and Schedule C, respectively, and which will be available for review at the Meeting. A further summary is available under “*Stock Option Plans and Other Incentive Plans*” above. No RSUs or DSUs have been issued to date.

- (i) The Board shall be permitted to grant RSUs under the RSU Plan, and to grant DSUs under the DSU Plan.
- (ii) Participation in the RSU Plan is restricted to employees, officers, and consultants of the Company. Participation in the DSU Plan is restricted to non-employee Directors, or Directors otherwise designated by the Board to be eligible for the DSU Plan.
- (iii) Upon vesting, the RSUs will be converted on a one-for-one basis for freely tradable, non-restricted Common Shares. The Board has the discretion to stipulate the length of time for vesting and to determine various performance objectives based on certain business criteria as a pre-condition to a RSU vesting. It is the Board’s intent that all RSUs will only vest upon the lapse of a certain time period or the achievement of performance objectives designed to advance the Company’s business interests and increase the value of the Company. The performance objectives to be met are established by the Board at the time of grant of the RSU.
- (iv) Each DSU entitles the recipient to receive, on a deferred payment basis and subject to adjustment as provided for in the DSU Plan: (a) a number of Common Shares issued from treasury equal to the number of DSUs held by the recipient; (ii) subject to applicable law, a number of Common Shares purchased by an independent administrator of the DSU Plan (if and when an independent administrator is so engaged by the Company) in the open market, equal in number to the DSUs held by the recipient; (iii) the payment of a cash amount to the participant equal to the number of DSUs multiplied by the Fair Market Value of the Common Shares; or (iv) any combination of the foregoing.
- (v) Unvested RSUs are non-transferrable, and DSUs are non-transferrable.
- (vi) The maximum number of Common Shares that may be issued upon the exercise of RSUs and DSUs granted under the RSU Plan and DSU Plan, respectively, shall not exceed (a) for the RSU Plan, 7,000,000 Common Shares; (b) for the DSU Plan, 3,000,000 Common Shares; and (c) for both the RSU Plan and the DSU Plan, 10% of the issued and outstanding Common Shares of the Company at the time of grant, the exercise price of which, as determined by the Board in its sole discretion,

shall not be less than the closing price of the Common Shares traded through the facilities of the Exchange prior to the announcement of the grant, or, if the Common Shares are no longer listed for trading on the Exchange, then such other exchange or quotation system on which the shares are listed or quoted for trading. This 10% maximum is shared with the Option Plan so as the maximum number of Common Shares that may be issued upon the exercise of Options, RSUs, and DSUs granted under the applicable equity incentive plan shall not exceed 10% of the issued and outstanding Common Shares of the Company at the time of grant.

- (vii) The maximum number of Common Shares issuable under the Option Plan, the RSU Plan, the DSU Plan to any one person shall not exceed 2% of the total number of issued and outstanding Common Shares on a non-diluted basis at the date of grant; and within any one-year period to any one person, shall not exceed 5% of the total number of issued and outstanding Common Shares on the grand date on a non-diluted basis.

In accordance with the policies of the Exchange, a plan with a rolling 10% maximum must be confirmed by the Shareholders at each annual general meeting.

Shareholders will be asked to pass the following Ordinary Resolution approving the DSU and RSU Plan, which must receive approval by Ordinary Resolution and by Disinterested Shareholder Approval in order to be effective:

“BE IT RESOLVED THAT the Company’s RSU Plan and DSU Plan, be and are hereby ratified, confirmed and approved.”

In the absence of instructions to the contrary, the Proxyholders intend to vote the Common Shares represented by each Proxy, properly executed, FOR approval of the RSU Plan and the DSU Plan.

OTHER MATTERS

As of the date of this Circular, management knows of no other matters to be acted upon at the Meeting. Should any other matters properly come before the Meeting, the shares represented by the proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the shares represented by the proxy.

AUDIT COMMITTEE DISCLOSURE

The Charter of the Company’s audit committee and other information required to be disclosed by National Instrument 52-110 – *Audit Committees* is attached to this Circular as Schedule D.

CORPORATE GOVERNANCE DISCLOSURE

The information required to be disclosed by National Instrument 58-101 – *Disclosure of Corporate Governance Practices* is attached to this Circular as Schedule E.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com. Copies of the Company’s Financial Statements and Management Discussion and Analysis may be obtained without charge upon request from the Company at Suite 701 – 55 University Avenue, Toronto, Ontario, M5J 2H7.

DIRECTOR APPROVAL

The contents of this Circular, the providing of the Circular by Notice-and-Access, and the providing of the Notice of Meeting and proxy to the Shareholders have been approved by the Directors.

DATED this 11th day of May, 2021.

DISCOVERY SILVER CORP.

“Taj Singh”
Taj Singh
President, CEO and Director

SCHEDULE A
INCENTIVE STOCK OPTION PLAN



Discovery Silver Corp.

INCENTIVE STOCK OPTION PLAN

June 25, 2021

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Defined Terms

For the purposes of this Plan, the following terms shall have the following meanings:

- (a) “Affiliate” has the meaning ascribed thereto by the Exchange;
- (b) “Board” means the Board of Directors of the Corporation or, as applicable, a committee consisting of not less than 3 Directors of the Corporation duly appointed to administer this Plan;
- (c) “Charitable Option” means a stock option or equivalent security granted by the Corporation to an Eligible Charitable Organization;
- (d) “Common Shares” means the common shares of the Corporation;
- (e) “Consultant” means an individual who:
 - (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Issuer or to an Affiliate of the Issuer, other than services provided in relation to a Distribution;
 - (ii) provides the services under a written contract between the Issuer or an Affiliate of the Issuer and the individual or the Company, as the case may be;
 - (iii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention of the affairs and business of the Corporation or an Affiliate of the Corporation; and
 - (iv) has a relationship with the Issuer or an Affiliate of the Issuer that enables the Consultant to be knowledgeable about the business and affairs of the Issuer or an Affiliate of the Issuer.and includes a company of which a Consultant is an employee or shareholder and a partnership of which a Consultant is an employee or partner;
- (f) “Consultant Company” means a Consultant that is a company;
- (g) “Corporation” means DISCOVERY SILVER CORP. and its successor entities;
- (h) “Director” means a director, senior officer or Management Company Employee of an Issuer, or of an unlisted company seeking a listing on the Exchange, or a director, senior officer or Management Company Employee of an Issuer or an unlisted company subsidiary or an Affiliate;
- (i) “Disinterested Shareholder Approval” has the meaning ascribed thereto by the Exchange in “Policy 4.4 – Incentive Stock Options” of the Exchange’s Corporate Finance Manual;
- (j) “Eligible Charitable Organization” has the same meaning as set forth in Policy 4.7 – *Charitable Options in Connection with an IPO*;
- (k) “Eligible Person” means a Director, Officer, Employee or Consultant;
- (l) “Employee” means an individual who:
 - (i) is considered an employee of the Corporation or an Affiliate under the *Income Tax Act*, i.e. for whom income tax, employment insurance and Canada Pension Plan deductions must be made at source,

- (ii) works full-time for the Corporation or an Affiliate providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or the Affiliate over the details and method of work as an employee of the Corporation or the Affiliate, but for whom income tax deductions are not made at source, or
- (iii) works for the Corporation or an Affiliate on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or the Affiliate over the details and method of work as an employee of the Corporation or the Affiliate, but for whom income tax deductions are not made at source;
- (m) “Exchange” means the TSX Venture Exchange and any successor entity;
- (n) “Expiry Date” means the last day of the term for an Option, as set by the Board at the time of grant in accordance with Section 5.2 and, if applicable, as amended from time to time;
- (o) “Insider” has the meaning ascribed thereto by the Exchange;
- (p) “Investor Relations Activities” has the meaning ascribed thereto by the Exchange;
- (q) “Management Company Employee” means an individual who is employed by a person providing management services to the Corporation or an Affiliate which are required for the ongoing successful operation of the business enterprise of the Corporation or the Affiliate, but excluding a person providing Investor Relations Activities;
- (r) “Option” means an option to purchase Common Shares pursuant to this Plan;
- (s) “Other Share Compensation Arrangement” means, other than this Plan and any Options, any stock option plan, stock options, employee stock purchase plan or other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares, including but not limited to a purchase of Common Shares from treasury which is financially assisted by the Corporation by way of loan, guarantee or otherwise;
- (t) “Participant” means an Eligible Person who has been granted an Option; and
- (u) “Plan” means this Stock Option Plan.

1.2 Interpretation

- (a) References to the outstanding Common Shares at any point in time shall be computed on a non-diluted basis.

ARTICLE 2 ESTABLISHMENT OF PLAN

2.1 Purpose

The purpose of this Plan is to advance the interests of the Corporation, through the grant of Options, by:

- (a) providing an incentive mechanism to foster the interest of Eligible Persons in the success of the Corporation and its Affiliates;
- (b) encouraging Eligible Persons to remain with the Corporation or its Affiliates; and
- (c) attracting new Directors, Officers, Employees and Consultants.

2.2 Shares Reserved

- (a) The aggregate number of Common Shares that may be reserved for issuance or issued in any 12-month period is limited to 10% of the issued and outstanding securities of the Corporation. For greater certainty, if an Option is surrendered, terminated or expires without being exercised, the Common Shares reserved for issuance pursuant to such Option shall be available for new Options granted under this Plan.
- (b) If there is a change in the outstanding Common Shares by reason of any share consolidation or split, reclassification or other capital reorganization, or a stock dividend, arrangement, amalgamation, merger or combination, or any other change to, event affecting, exchange of or corporate change or transaction affecting the Common Shares, the Board shall make, as it shall deem advisable and subject to the requisite approval of the relevant regulatory authorities, appropriate substitution and/or adjustment in:
 - (i) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to this Plan;
 - (ii) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to any outstanding unexercised Options, and in the exercise price for such shares or other securities or property; and
 - (iii) the vesting of any Options (subject to the approval of the Exchange if such vesting is mandatory under the policies of the Exchange), including the accelerated vesting thereof on conditions the Board deems advisable,and if the Corporation undertakes an arrangement or is amalgamated, merged or combined with another corporation, the Board shall make such provision for the protection of the rights of Participants as it shall deem advisable.
- (c) No fractional Common Shares shall be reserved for issuance under this Plan and the Board may determine the manner in which an Option, insofar as it relates to the acquisition of a fractional Common Share, shall be treated.
- (d) The Corporation shall, at all times while this Plan is in effect, reserve and keep available such number of Common Shares as will be sufficient to satisfy the requirements of this Plan.

2.3 Non-Exclusivity

Nothing contained herein shall prevent the Board from adopting such other incentive or compensation arrangements as it shall deem advisable.

2.4 Effective Date

This Plan shall be subject to the approval of any regulatory authority whose approval is required. Any Options granted under this Plan prior to such approvals being given shall be conditional upon such approvals being given, and no such Options may be exercised unless and until such approvals are given.

ARTICLE 3 ADMINISTRATION OF PLAN

3.1 Administration

- (a) This Plan shall be administered by the Board. Subject to the provisions of this Plan, the Board shall have the authority:
 - (i) to determine the Eligible Persons to whom Options are granted, to grant such Options, and to determine any terms and conditions, limitations and restrictions in respect of any particular Option grant, including but not limited to the nature and duration of the restrictions, if any, to be imposed upon the acquisition, sale or other disposition of Common

Shares acquired upon exercise of the Option, and the nature of the events and the duration of the period, if any, in which any Participant's rights in respect of an Option or Common Shares acquired upon exercise of an Option may be forfeited;

- (ii) to interpret the terms of this Plan, to make all such determinations and take all such other actions in connection with the implementation, operation and administration of this Plan, and to adopt, amend and rescind such administrative guidelines and other rules and regulations relating to this Plan, as it shall from time to time deem advisable, including without limitation for the purpose of ensuring compliance with Section 3.3 hereof.
- (b) The Board's interpretations, determinations, guidelines, rules and regulations shall be conclusive and binding upon the Corporation, Eligible Persons, Participants and all other persons.

3.2 Amendment, Suspension and Termination

The Board may amend, subject to the approval of any regulatory authority whose approval is required, suspend or terminate this Plan or any portion thereof. No such amendment, suspension or termination shall alter or impair any outstanding unexercised Options or any rights without the consent of such Participant. If this Plan is suspended or terminated, the provisions of this Plan and any administrative guidelines, rules and regulations relating to this Plan shall continue in effect for the duration of such time as any Option remains outstanding.

3.3 Compliance with Legislation

- (a) This Plan, the grant and exercise of Options hereunder and the Corporation's obligation to sell, issue and deliver any Common Shares upon exercise of Options shall be subject to all applicable federal, provincial and foreign laws, policies, rules and regulations, to the policies, rules and regulations of any stock exchanges or other markets on which the Common Shares are listed or quoted for trading and to such approvals by any governmental or regulatory agency as may, in the opinion of counsel to the Corporation, be required. The Corporation shall not be obligated by the existence of this Plan or any provision of this Plan or the grant or exercise of Options hereunder to sell, issue or deliver Common Shares upon exercise of Options in violation of such laws, policies, rules and regulations or any condition or requirement of such approvals.
- (b) No Option shall be granted and no Common Shares sold, issued or delivered hereunder where such grant, sale, issue or delivery would require registration or other qualification of this Plan or of the Common Shares under the securities laws of any foreign jurisdiction, and any purported grant of any Option or any sale, issue and delivery of Common Shares hereunder in violation of this provision shall be void. In addition, the Corporation shall have no obligation to sell, issue or deliver any Common Shares hereunder unless such Common Shares shall have been duly listed, upon official notice of issuance, with all stock exchanges on which the Common Shares are listed for trading.
- (c) Common Shares sold, issued and delivered to Participants pursuant to the exercise of Options shall be subject to restrictions on resale and transfer under applicable securities laws and the requirements of any stock exchanges or other markets on which the Common Shares are listed or quoted for trading, and any certificates representing such Common Shares shall bear, as required, a restrictive legend in respect thereof.

ARTICLE 4 OPTION GRANTS

4.1 Eligibility and Multiple Grants

Options shall only be granted to Eligible Persons. An Eligible Person may receive Options on more than one occasion and may receive separate Options, with differing terms, on any one or more occasions, subject to the terms of this Plan.

4.2 Option Agreement

Every Option shall be evidenced by an option agreement executed by the Corporation and the Participant, which shall, if the Participant is an Employee, Consultant or Management Company Employee, contain a representation and warranty by the Corporation and such Participant that such Participant is a bona fide Employee, Consultant or Management Company Employee, as the case may be, of the Corporation or an Affiliate. In the event of any discrepancy between this Plan and an option agreement, the provisions of this Plan shall govern.

4.3 Limitation on Grants and Exercises

- (a) **To Eligible Persons.** The aggregate number of Common Shares reserved for issuance to any one Eligible Person in any 12 month period under this Plan and any Other Share Compensation Arrangement shall not exceed 5% of the outstanding Common Shares at the time of the grant, unless the Corporation has obtained Disinterested Shareholder Approval to exceed such limit.
- (b) **To Consultants.** The aggregate number of Common Shares reserved for issuance to any one Consultant in any 12-month period under this Plan and any Other Share Compensation Arrangement shall not exceed 2% of the outstanding Common Shares at the time of the grant.
- (c) **To Participants conducting Investor Relations Activities.** The aggregate number of Common Shares reserved for issuance to all Eligible Persons conducting Investor Relations Activities in any 12 month period under this plan and any Other Share Compensation Arrangement shall not exceed 2% of the outstanding Common Shares at the time of the grant.
- (d) **To Insiders.** Unless the Corporation has received Disinterested Shareholder Approval to do so, the aggregate number of Common Shares reserved for issuance to Insiders in any 12 month period under this Plan and any Other Share compensation Arrangement shall not exceed 10% of the outstanding Common Shares at the time of grant.

ARTICLE 5 OPTION TERMS

5.1 Exercise Price

- (a) Subject to a minimum exercise price of \$0.05 per Common Share, the exercise price per Common Share for an Option shall not be less than the “Discounted Market Price”, as calculated pursuant to the policies of the Exchange, or such other minimum price as may be required or permitted by the Exchange.
- (b) If Options are granted within ninety days of a distribution by the Corporation by prospectus, then the exercise price per Common Share for such Option shall not be less than the greater of the minimum exercise price calculated pursuant to subsection (a) herein and the price per Common Share paid by the public investors for Common Shares acquired pursuant to such distribution. Such ninety-day period shall begin:
 - (i) on the date the final receipt is issued for the final prospectus in respect of such distribution; and
 - (ii) in the case of a prospectus that qualifies special warrants, on the closing date of the private placement in respect of such special warrants.

5.2 Expiry Date

Every Option shall have a term not exceeding and shall therefore expire no later than 10 years after the date of grant.

5.3 Vesting

- (a) Subject to subsection (b) herein and otherwise in compliance with the policies of the Exchange, the Board shall determine the manner in which an Option shall vest and become exercisable.

- (b) Options granted to Consultants performing Investor Relations Activities shall vest over a minimum 12 months with no more than ¼ of such Options vesting in any 3-month period.

5.4 Non-Assignability

Options may not be assigned or transferred.

5.5 Ceasing to be Eligible Person

- (a) If a Participant who is an Officer, Employee or Consultant is terminated for cause, each Option held by such Participant shall terminate and shall therefore cease to be exercisable upon such termination for cause.
- (b) If a Participant dies prior to otherwise ceasing to be an Eligible Person, each Option held by such Participant shall terminate and shall therefore cease to be exercisable no later than the earlier of the Expiry Date and the date which is six months after the date of the Participant's death, always provided that the Board may, in its discretion, extend the date of such termination and the resulting period in which such Option remains exercisable to a date not exceeding the earlier of the Expiry Date and the date which is twelve months after the date of the Participant's death.
- (c) If a Participant ceases to be an Eligible Person other than in the circumstances set out in subsection (a) or (b) herein, each Option held by such Participant shall terminate and shall therefore cease to be exercisable no later than the earlier of the Expiry Date and the date which is 90 days after such event, always provided that the Board may, in its discretion, extend the date of such termination and the resulting period in which such Option remains exercisable to a date not exceeding the earlier of the Expiry Date and the date which is twelve months after such event, and further provided that the Board may, in its discretion, on a case-by-case basis and only with the approval of the Exchange, further extend the date of such termination and the resulting period in which such Option remains exercisable to a date exceeding the date which is after twelve months of such event.
- (d) For greater certainty, if a Participant dies, each Option held by such Participant shall be exercisable by the legal representative of such Participant until such Option terminates and therefore ceases to be exercisable pursuant to the terms of Section 5.5(b).
- (e) If any portion of an Option is not vested at the time a Participant ceases, for any reason whatsoever, to be an Eligible Person, such unvested portion of the Option may not be thereafter exercised by the Participant or its legal representative, as the case may be, always provided that the Board may, in its discretion further and subject to the approval of the Exchange where the vesting of the said Participant's options was a requirement of the Exchange's policies, thereafter permit the Participant or its legal representative, as the case may be, to exercise all or any part of such unvested portion of the Option that would have vested prior to the time such Option otherwise terminates and therefore ceases to be exercisable pursuant to the terms of this Section. For greater certainty, and without limitation, this provision will apply regardless of whether the Participant ceased to be an Eligible Person voluntarily or involuntarily, was dismissed with or without cause, and regardless of whether the Participant received compensation in respect of dismissal or was entitled to a notice of termination for a period which would otherwise have permitted a greater portion of an Option to vest.

ARTICLE 6 EXERCISE PROCEDURE

6.1 Exercise Procedure

An Option may be exercised from time to time, and shall be deemed to be validly exercised by the Participant only upon the Participant's delivery to the Corporation at its registered office:

- (a) a written notice of exercise addressed to the Corporate Secretary of the Corporation, specifying the number of Common Shares with respect to which the Option is being exercised;
- (b) the originally signed option agreement with respect to the Option being exercised;

- (c) a certified cheque or bank draft made payable to the Corporation for the aggregate exercise price for the number of Common Shares with respect to which the Option is being exercised; and
- (d) documents containing such representations, warranties, agreements and undertakings, including such as to the Participant's future dealings in such Common Shares, as counsel to the Corporation reasonably determines to be necessary or advisable in order to comply with or safeguard against the violation of the laws of any jurisdiction;

and on the business day following, the Participant shall be deemed to be a holder of record of the Common Shares with respect to which the Option is being exercised, and thereafter the Corporation shall, within a reasonable amount of time, cause certificates for such Common Shares to be issued and delivered to the Participant.

6.2 Withholding

The Corporation may withhold from any amount payable to an optionee, either under this Plan or otherwise, such amount as it reasonably believes is necessary to enable the Corporation to comply with the applicable requirements of any federal, provincial, local, or foreign law, or any administrative policy of any applicable tax authority, relating to the withholding of tax or any other required deductions with respect to options ("**Withholding Obligations**"). The Corporation may also satisfy any liability for any such Withholding Obligations, on such terms and conditions as the Corporation may determine in its discretion, by (a) requiring an optionee, as a condition to the exercise of any Options, to make such arrangements as the Corporation may require so that the Corporation can satisfy such Withholding Obligations including, without limitation, requiring the optionee to remit to the Corporation in advance, or reimburse the Corporation for, any such Withholding Obligations or (b) selling on the optionee's behalf, or requiring the optionee to sell, any Shares acquired by the optionee under the Plan, or retaining any amount which would otherwise be payable to the optionee in connection with any such sale.

ARTICLE 7 AMENDMENT OF OPTIONS

7.1 Consent to Amend

The Board may amend any Option with the consent of the affected Participant and the Exchange, including any shareholder approval required by the Exchange. For greater certainty, Disinterested Shareholder Approval is required for any reduction in the exercise price of an Option if the Participant is an Insider at the time of the proposed amendment.

7.2 Amendment Subject to Approval

If the amendment of an Option requires regulatory or shareholder approval, such amendment may be made prior to such approvals being given, but no such amended Options may be exercised unless and until such approvals are given.

ARTICLE 8 MISCELLANEOUS

8.1 No Rights as Shareholder

Nothing in this Plan or any Option shall confer upon a Participant any rights as a shareholder of the Corporation with respect to any of the Common Shares underlying an Option unless and until such Participant shall have become the holder of such Common Shares upon exercise of such Option in accordance with the terms of the Plan.

8.2 No Right to Employment

Nothing in this Plan or any Option shall confer upon a Participant any right to continue in the employ of the Corporation or any Affiliate or affect in any way the right of the Corporation or any Affiliate to terminate the Participant's employment, with or without cause, at any time; nor shall anything in the Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any Affiliate to extend the employment of any Participant beyond the time which the Participant would normally be retired pursuant to the provisions of any present or future retirement plan of the Corporation or any Affiliate, or beyond the time at which he would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or any Affiliate.

8.3 Governing Law

This Plan, all option agreements, the grant and exercise of Options hereunder, and the sale, issue and delivery of Common Shares hereunder upon exercise of Options shall be, as applicable, governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. The Courts of the Province of British Columbia shall have the exclusive jurisdiction to hear and decide any disputes or other matters arising herefrom.

SCHEDULE B
RESTRICTED SHARE UNIT PLAN



Discovery Silver Corp.
RESTRICTED SHARE UNIT PLAN

June 25, 2021

ARTICLE 1 GENERAL PROVISIONS

1.1 Purpose

This Restricted Share Unit Plan is established as a vehicle by which equity-based incentives may be awarded to the employees, consultants, and officers of the Company, to recognize and reward their significant contributions to the long-term success of the Company including to align their interests more closely with the interests of shareholders of the Company.

1.2 Definitions

As used in the Plan, the following terms have the following meanings:

- (a) **“Blackout Period”** means a period of time imposed by the Company, pursuant to the Company’s policies, upon certain designated persons during which those persons may not trade in any securities of the Company;
- (b) **“Board”** means the Board of Directors of the Company;
- (c) **“Business Day”** means any day that is not a Saturday, Sunday, or a holiday (as defined in the *Interpretation Act* (Canada)) in Vancouver, British Columbia;
- (d) **“Cash Consideration”** has the meaning ascribed thereto in Section 3.2(b);
- (e) **“Change of Control”** means the occurrence of any of the following events:
 - (i) the acquisition by any persons acting jointly or in concert (as determined in accordance with the *Securities Act* (British Columbia)), whether directly or indirectly, of voting securities of the Company that, together with all other voting securities of the Company held by such persons, constitute in the aggregate more than 50% of all outstanding voting securities of the Company;
 - (ii) an amalgamation, arrangement, or other form of business combination of the Company with another company that results in the holders of voting securities of that other company holding, in the aggregate, more than 50% of all outstanding voting securities of the Company resulting from the business combination;
 - (iii) the sale, lease or exchange of all or substantially all of the property of the Company to another person, other than in the ordinary course of business of the Company or to a related entity; or
 - (iv) any other transaction that is deemed to be a “Change of Control” for the purposes of this Plan by the Board in its sole discretion;
- (f) **“Code”** means the United States *Internal Revenue Code of 1986*, as amended;
- (g) **“Committee”** means the Compensation Committee of the Board or such other persons designated by the Board to determine the grants of Restricted Share Units and administer this Plan;
- (h) **“Common Share”** means a common share in the capital of the Company;
- (i) **“Company”** means Discovery Silver Corp. and its successors and assigns;

- (j) “**Consultant**” means a “Consultant” or “Consultant Company” as defined in the TSXV Policies;
- (k) “**Disinterested Shareholder**” means a holder of Common Shares that is not an Insider nor an associate (as defined in the *Securities Act* (British Columbia)) of an insider;
- (l) “**Dividend**” means an Ordinary Dividend or a Special Dividend, as applicable;
- (m) “**Eligible Person**” means any Employee, Consultant, or Officer who is designated as an Eligible Person pursuant to Section 2.1;
- (n) “**Employee**” means an employee of the Company;
- (o) “**Exchange**” means, collectively, the TSX Venture Exchange, any successor thereto and any other stock exchange or trading facilities through which the Common Shares trade or are quoted from time to time;
- (p) “**Fair Market Value**” means the closing price of the Common Shares on the Exchange on the Business Day immediately prior to the relevant date, or if the Common Shares are not listed on the Exchange, then on such other stock exchange or quotation system as may be selected by the Committee, provided that, if the Common Shares are not listed or quoted on any other stock exchange or quotation system, then the Fair Market Value will be the value determined by the Committee in its sole discretion acting in good faith;
- (q) “**Grant Date**” means any date determined from time to time by the Committee as a date on which a grant of Restricted Share Units will be made to one or more Eligible Persons under this Plan;
- (r) “**Insider**” has the meaning ascribed thereto on TSXV Policy 1.1;
- (s) “**Investor Relations Activities**” shall have the meaning ascribed to such term in the TSXV Policies;
- (t) “**Officer**” means an officer of the Company that has been duly appointed by the Board;
- (u) “**Ordinary Dividend**” means a dividend declared and payable on a Common Share in accordance with the Company’s dividend policy as the same may be amended from time to time;
- (v) “**Plan**” means this Restricted Share Unit Plan, as amended from time to time;
- (w) “**Redemption Date**” in respect of any Restricted Share Unit means (i) the date as determined by the Committee in its sole discretion and provided for in the Grant Agreement, or (ii) if no date is set, the third anniversary of the Grant Date on which such Restricted Share Unit was granted to the Eligible Person, unless (iii) Section 3.6, 4.1, 4.2, or 6.2 is applicable, in which case the Redemption Date(s) in respect of such Restricted Share Unit shall be the date(s) established as such in accordance with the applicable Section. Such date shall, in all cases, be in compliance with the requirements pertaining to the exception to the application of the salary deferral arrangement rules in paragraph (k) of the definition of “salary deferral arrangement” in subsection 248(1) of the Income Tax Act (Canada), as such subsection may be amended or enacted from time to time. For U.S. Taxpayers, except as otherwise set forth in this Plan, the Redemption Date shall be set on the Grant Date and shall not be adjusted;
- (x) “**Reorganization**” means any declaration of any stock dividend (other than a Special Dividend in respect of which the Committee, in its discretion, determines that Eligible Persons are to be paid pursuant to Section 3.5), stock split, combination or exchange of shares, merger, consolidation, recapitalization, amalgamation, plan of arrangement, reorganization, spin-off, or other distribution (other than Ordinary Dividends) of the Company assets to shareholders or any other similar corporate transaction or event which the Board determines affects the Common Shares such that an

adjustment is appropriate to prevent dilution or enlargement of the rights of Eligible Persons under this Plan;

- (y) **“Restricted Share Unit”** means one notional Common Share (without any of the attendant rights of a shareholder of such Common Share, including, without limitation, the right to vote such Common Share and the right to receive dividends thereon, except to the extent otherwise specifically provided herein) credited by bookkeeping entry to a notional account maintained by the Company in respect of an Eligible Person in accordance with this Plan;
- (z) **“Share Compensation Arrangement”** means any stock option, stock option plan, deferred share unit plan, employee stock purchase plan, or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares, including a share purchase from treasury which is financially assisted by the Company by way of a loan, guarantee, or otherwise;
- (aa) **“Special Dividend”** means a special or stock dividend declared and payable on a Common Share in accordance with the Company’s dividend policy as the same may be amended from time to time;
- (bb) **“Subsidiary”** has the meaning set out in the Securities Act (British Columbia);
- (cc) **“TSXV Policies”** means the policies included in the TSX Venture Exchange Corporate Finance Manual and **“TSXV Policy”** means any one of them; and
- (dd) **“U.S. Taxpayer”** means an Eligible Person who is at the relevant time subject to Section 409A of the Code.

1.3 Effective Date

The Plan shall be effective June 26, 2020, provided that no Common Shares may be issued under the Plan until and unless all required Exchange, regulatory, and shareholder approvals have been obtained with respect to the issuance of the Common Shares hereunder.

1.4 Governing Law; Subject to Applicable Regulatory Rules

The Plan shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. The provisions of the Plan shall be subject to the applicable by-laws, rules, and policies of the Exchange and applicable securities legislation, including for greater certainty TSXV Policy 4.4 – Incentive Stock Options (where references to “stock option plan” in such TSXV Policy refer to this Plan and references to “stock options” in such TSXV Policy refer to Restricted Share Units). Adoption of the Plan shall be subject to Disinterested Shareholder approval and Exchange approval.

ARTICLE 2 ELIGIBILITY AND PARTICIPATION

2.1 Eligibility

This Plan applies to those Employees, Consultants, and Officers whom the Committee designates as eligible for a grant of Restricted Share Units pursuant to Section 3.1. The Committee shall make such a designation prior to each Grant Date.

2.2 Rights Under the Plan

Subject to Article 4 and Article 5, an Eligible Person who has been granted Restricted Share Units shall continue to have rights in respect of such Restricted Share Units until such Restricted Share Units have been redeemed for Common Shares and/or Cash Consideration, as applicable, in accordance with this Plan.

2.3 Copy of the Plan

The Company shall provide each Eligible Person with a copy of this Plan following the initial grant of Restricted Share Units to such Eligible Person and shall provide each Eligible Person with a copy of all amendments to this Plan.

2.4 Limitation on Rights

Nothing in this Plan shall confer on any Employee, Consultant, or Officer any right to be designated as an Eligible Person or to be granted any Restricted Share Units. There is no obligation for uniformity of treatment of Eligible Persons or any group of Eligible Persons, whether based on salary or compensation, grade or level or organizational position or level or otherwise. A grant of Restricted Share Units to an Eligible Person on one or more Grant Dates shall not be construed to create a right to a grant of Restricted Share Units on a subsequent Grant Date.

2.5 Grant Agreements

Each grant of Restricted Share Units shall be evidenced by a written agreement (a “**Grant Agreement**”) executed by the Eligible Person in substantially the form appended as Schedule A hereto. An Eligible Person will not be entitled to any grant of Restricted Share Units or any benefit of this Plan unless the Eligible Person agrees with the Company to be bound by the provisions of this Plan. By entering into an agreement described in this Section 2.5, each Eligible Person shall be deemed conclusively to have accepted and consented to all terms of this Plan and all bona fide actions or decisions made by the Committee. Such terms and consent shall also apply to and be binding on the legal representative, beneficiaries, heirs, and successors of each Eligible Person.

2.6 Participation Limits

- (a) The number of Common Shares which may be reserved for issuance under the Plan shall not exceed 7,000,000 Common Shares, subject to adjustment in accordance with Section 3.6 or such greater number of Common Shares as shall have been duly approved by the Board and, if required by the TSXV Policies or any other stock exchange on which the Common Shares of the Company may then be listed, and by the shareholders of the Company.
- (b) The number of Common Shares which may be reserved for issuance under the Plan, in combination with the aggregate number of Common Shares which may be issuable under any other Share Compensation Arrangement, including the Company’s stock option plan and deferred share unit plan, shall not exceed 10% of the total number of issued and outstanding Common Shares on a non-diluted basis, or such greater number of Common Shares as shall have been duly approved by the Board and, if required, by the TSXV Policies (if applicable) or any other stock exchange on which the Common Shares of the Company may then be listed, and by the shareholders of the Company.
- (c) If and for so long as the Common Shares are listed on the Exchange, the number of Common Shares which may be issuable under the Plan and any other Share Compensation Arrangement:
 - (i) to any one Eligible Person, shall not exceed 2% of the total number of issued and outstanding Common Shares on a non-diluted basis at the Grant Date;
 - (ii) within any one-year period:
 - (i) to any one Eligible Person, shall not exceed 5% of the total number of issued and outstanding Common Shares on the Grant Date on a non-diluted basis; and
 - (ii) to Insiders as a group, shall not exceed 10% of the total number of issued and outstanding Common Shares on the Grant Date on a non-diluted basis.

- (d) If and for so long as the Common Shares are listed on the Exchange, no Common Shares shall be issuable under the Plan to any Eligible Person whose role and duties primarily consist of Investor Relations Activities.

2.7 No Fractional Shares

No fractional Common Shares may be issued under the Plan. In the event the number of Common Shares to be issued upon the redemption of Restricted Share Units is a fraction, the respective Eligible Person will receive the next lowest whole number of Common Shares and will not receive any other form of compensation (cash or otherwise) for the fractional interest.

ARTICLE 3 RESTRICTED SHARE UNITS

3.1 Grant of Restricted Share Units

On each Grant Date, the Committee shall designate Eligible Persons and determine the number of Restricted Share Units to be granted to each Eligible Person in the Committee's sole discretion. Concurrent with the determination to grant Restricted Share Units to an Eligible Person, the Committee shall determine the Redemption Date applicable to such Restricted Share Units. In addition, the Committee may, at its sole discretion, at the time of the grant of Restricted Share Units, make such Restricted Share Units subject to performance conditions to be achieved by the Company, the Eligible Person or a class of Eligible Persons, prior to the Redemption Date, for such Restricted Share Units to entitle the holder thereof to receive the Common Shares or cash thereunder.

3.2 Redemption of Restricted Share Units

Unless redeemed earlier in accordance with this Plan, the Restricted Share Units of each Eligible Person will be redeemed on or about (but not later than 30 days following) each applicable Redemption Date, and the Eligible Person will be entitled to receive and the Company will issue and/or pay to the Eligible Person, as applicable:

- (a) a number of Common Shares equal to the number of Restricted Share Units (net of any applicable statutory withholdings) that have vested on the Redemption Date(s);
- (b) a cash amount, payable by way of certified cheque, bank draft, wire transfer, or such other means as the Committee may determine in its sole discretion, equal to the number of Common Shares set out in subsection (a) above multiplied by the Fair Market Value on the applicable Redemption Date (the "**Cash Consideration**") (net of any applicable statutory withholdings); or
- (c) a combination of 3.2(a) and 3.2(b),

as determined by the Committee in its sole discretion.

3.3 Blackout Period

In the event the Redemption Date, determined in accordance with the Plan occurs during a Blackout Period applicable to the relevant Eligible Person, then the Redemption Date, as applicable, shall be the date that is the tenth Business Day after the expiry of the Blackout Period; provided, however, that in the case of a U.S. Taxpayer, the change in the Redemption Date does not violate Section 409A of the Code.

3.4 Withholding Taxes

The Company may take such steps as are considered necessary or appropriate for the withholding of any taxes which the Company is required by any law or regulation of any governmental authority whatsoever to withhold in connection with any Common Share and/or Cash Consideration including, without limiting the generality of the foregoing, the withholding of the issue of Common Shares and/or the withholding of all or any portion of any payment of the Cash

Consideration, as applicable, to be issued and/or paid under the Plan, until such time as the Eligible Person has paid the Company for any amount which the Company is required to withhold with respect to such taxes or other amounts. Without limitation to the foregoing, the Committee may, if applicable, adopt administrative rules under the Plan which provide for the sale of Common Shares (or a portion thereof) in the market upon the issuance of such Common Shares under the provisions of the Plan to satisfy withholding obligations under the Plan.

3.5 Payment of Dividend Equivalents

When Dividends are paid on Common Shares, an Eligible Person shall be credited with Dividend equivalents in respect of the Restricted Share Units credited to the Eligible Person's account as of the record date for payment of Dividends and no payment in cash should be made to any Eligible Person with respect to such Dividend equivalent. Such Dividend equivalents shall be converted into additional Restricted Share Units (including fractional Restricted Share Units) based on the Fair Market Value per Common Share on the date credited and redeemed on the Redemption Date, of the Restricted Share Unit with respect to which the Dividend equivalent was granted.

3.6 Adjustments

If any change occurs in the outstanding Common Shares by reason of a Reorganization, the Committee, in its sole discretion, and without liability to any person, shall make such equitable changes or adjustments, if any, as it considers appropriate, in such manner as the Committee may consider equitable, to reflect such change or event including, without limitation, adjusting the number of Restricted Share Units credited to Eligible Persons and outstanding under the Plan, provided that any such adjustment will not otherwise extend the Redemption Date otherwise applicable. The Company shall give notice to each Eligible Person of any adjustment made pursuant to this section and, upon such notice, such adjustment shall be conclusive and binding for all purposes. The existence of outstanding Restricted Share Units shall not affect in any way the right or power and authority of the Company or its shareholders to make or authorize any alteration, recapitalization, Reorganization, or any other change in the Company's capital structure or its business or any merger or consolidation of the Company, any issue of bonds, debentures or preferred or preference shares (ranking ahead of the Common Shares or otherwise) or any right thereto, or the dissolution or liquidation of the Company, any sale or transfer of all or any part of its assets or business or any corporate act or proceeding whether of a similar character or otherwise.

3.7 Offer of Common Shares - Change of Control

Notwithstanding anything else herein to the contrary, subject to prior approval of the Exchange if required, in the event of a Change of Control, then the Redemption Date shall be deemed to be the date on which the Change of Control occurs, and all Restricted Share Units granted to the Eligible Persons and outstanding under the Plan shall immediately vest and be paid out in accordance with Section 3.2.

ARTICLE 4 EVENTS AFFECTING ENTITLEMENT

4.1 Termination of Employment

- (a) Voluntary Termination or Termination for Cause. If an Eligible Person is terminated by the Company for cause (as determined by the Company), or if an Eligible Person, voluntarily terminates employment for any reason prior to a Redemption Date, all of the Eligible Person's Restricted Share Units shall be cancelled and no amount shall be paid by the Company to the Eligible Person in respect of the Restricted Share Units so cancelled.
- (b) Involuntary Termination. The Restricted Share Units of an Eligible Person which have vested who is involuntarily terminated by the Company, for reasons other than cause, shall be redeemed on the Redemption Date for an equal number of Common Shares, Cash Consideration in lieu thereof or a combination of both, as determined by the Committee in its sole discretion. For the purposes of this Section 4.1(b), the Redemption Date shall be the date on which the employment of the Eligible

Person is terminated as stated in a written notice of termination, irrespective of any entitlement of the Eligible Person to notice, pay in lieu of notice or benefits beyond the termination date.

For purposes of Section 4.1, a U.S. Taxpayer shall be treated as terminated when such person incurs a “separation from service” within the meaning of Section 409A of the Code and United States Treasury Regulation Section 1.409A-1(h) (“**Separation From Service**”). Solely to the extent required by Section 409A of the Code, any payment in respect of Restricted Share Units which has become payable on or following a Separation From Service to any U.S. Taxpayer who is determined to be a “specified employee,” under Section 409A(a)(2)(B)(i) of the Code and United States Treasury Regulation Section 1.409A-1(i), shall not be paid before the date that is six months after such U.S. Taxpayer’s Separation From Service (or, if earlier, the date of the death of such U.S. Taxpayer). Following any applicable six-month delay of payment, all such delayed payments shall be made to the U.S. Taxpayer in a single lump sum on the earliest possible date.

4.2 Death

All of the Restricted Share Units of an Eligible Person who dies shall be redeemed in accordance with Section 3.2. For the purposes of the foregoing, the Redemption Date shall be the date of the Eligible Person’s death.

4.3 No Grants Following Last Day of Active Employment

In the event of termination of any Eligible Person’s employment with the Company, such Eligible Person shall not be granted any Restricted Share Units pursuant to Section 3.1 after the last day of active employment of such Eligible Person. Without limiting the generality of the foregoing and of Section 2.4, notwithstanding any other provision hereof, and notwithstanding any provision of any employment agreement between any Eligible Person and the Company, no Eligible Person will have any right to be awarded additional Restricted Share Units, and shall not be awarded any Restricted Share Units, pursuant to Section 3.1 after the last day of active employment of such Eligible Person on which such Eligible Person actually performs the duties of the Eligible Person’s position, whether or not such Eligible Person receives a lump sum payment of salary or other compensation in lieu of notice of termination, or continues to receive payment of salary, benefits or other remuneration for any period following such last day of active employment. Notwithstanding any other provision hereof, or any provision of any employment agreement between the Company and an Eligible Person, in no event will any Eligible Person have any right to damages in respect of any loss of any right to be awarded Restricted Share Units pursuant to Section 3.1 after the last day of active employment of such Eligible Person and no severance allowance, or termination settlement of any kind in respect of any Eligible Person will include or reflect any claim for such loss of right and no Eligible Person will have any right to assert, claim, seek or obtain, and shall not assert, claim, seek or obtain, any judgment or award in respect of or which includes or reflects any such right or claim for such loss of right.

ARTICLE 5 ADMINISTRATION

5.1 Transferability

Rights respecting Restricted Share Units shall not be transferable or assignable other than by will or the laws of descent and distribution.

5.2 Administration

The Committee shall, in its sole and absolute discretion, but subject to applicable corporate, securities and tax law requirements: (i) interpret and administer the Plan; (ii) establish, amend and rescind any rules and regulations relating to the Plan; and (iii) make any other determinations that the Committee deems necessary or desirable for the administration and operation of the Plan. The Committee may delegate to any person any administrative duties and powers under this Plan. The Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan in the manner and to the extent the Committee deems, in its sole and absolute discretion, necessary or desirable. Any decision of the Committee with respect to the administration and interpretation of the Plan shall be conclusive and binding on the Eligible Person and his or her legal representative. The Board may establish policies

respecting minimum ownership of Common Shares of the Company by Eligible Persons and the ability to elect Restricted Share Units to satisfy any such policy.

It is intended that this Plan and grants of Restricted Share Units hereunder will comply with or be exempt from Section 409A of the Code (and any regulations and guidelines issued thereunder), to the extent this Plan and such agreements are subject thereto, and this Plan and the Grant Agreements shall be interpreted on a basis consistent with such intent. Each amount to be paid under the Plan shall be construed as a separate identified payment for the purposes of Section 409A of the Code. If an amendment of this Plan and such agreements is necessary in order for it to comply with Section 409A of the Code, the Board will adopt any such amendment in a manner that preserves the original intent of the parties to the extent reasonably possible. No action or failure to act by the Board shall subject the Company to any claim, liability, or expense, and the Company shall not have any obligation to indemnify or otherwise protect any person from the obligation to pay any taxes, interest or penalties pursuant to Section 409A of the Code.

5.3 Records

The Company will maintain records indicating the number of Restricted Share Units credited to an Eligible Person under the Plan from time to time and the Grant Dates of such Restricted Share Units. Such records shall be conclusive as to all matters involved in the administration of this Plan.

5.4 Statements

The Company shall furnish annual statements to each Eligible Person indicating the number of Restricted Share Units credited to the Eligible Person and the Grant Dates of the Restricted Share Units and such other information that the Company considers relevant to the Eligible Person.

5.5 Legal Compliance

Without limiting the generality of the foregoing, the Committee may take such steps and require such documentation from Eligible Persons as the Committee may determine are desirable to ensure compliance with all applicable laws and legal requirements, including all applicable corporate and securities laws and regulations of any country, and any political subdivisions thereof, and the by-laws, rules and regulations of any stock exchanges or other organized market on which Common Shares may from time to time be listed or posted and any applicable provisions of the Income Tax Act (Canada), as amended or income tax legislation or any other jurisdiction.

ARTICLE 6 AMENDMENT AND TERMINATION

6.1 Amendment and Renewal

- (a) The Board reserves the right, in its sole discretion, to amend, suspend or terminate the Plan or any portion thereof at any time, in accordance with applicable legislation, provided that such amendment, suspension or termination may (A) will require shareholder approval, Disinterested Shareholder Approval, and Exchange approval; and (B) will not adversely affect the rights of any Eligible Person with respect to the Restricted Share Units to which the Eligible Person is then entitled under the Plan without the consent of the Eligible Person.
- (b) All amendments and renewals of the Plan shall require prior Disinterested Shareholder approval and prior Exchange approval.
- (c) Unless an Eligible Person otherwise agrees, any amendment to the Plan or Restricted Share Unit shall apply only in respect of Restricted Share Units granted on or after the date of such amendment.
- (d) Without limiting the generality of the foregoing, the Board may make the following amendments to the Plan, without obtaining shareholder approval:

- (i) amendments to the terms and conditions of the Plan necessary to ensure that the Plan complies with the applicable regulatory requirements, including the rules of the Exchange, in place from time to time; or
- (ii) amendments to the Plan that are of a “housekeeping” nature, including for the purposes of making formal minor or technical modifications to any of the provisions of the Plan, or to correct any ambiguity, defective provision, error, or omission in the provisions of the Plan,

provided, however, that no such amendment of the Plan may be made without the consent of each affected Eligible Person in the Plan if such amendment would adversely affect the rights of such affected Eligible Person(s) under the Plan.

6.2 Termination of the Plan

The Board may from time to time amend or suspend this Plan in whole or in part and may at any time terminate this Plan. No such amendment, suspension, or termination shall adversely affect the rights of any Eligible Person at the time of such amendment, suspension, or termination with respect to outstanding and unredeemed Restricted Share Units credited to such Eligible Person without the consent of the affected Eligible Person. If the Board terminates the Plan, no new Restricted Share Units will be awarded to any Eligible Person, but outstanding and unredeemed previously credited Restricted Share Units shall remain outstanding, be entitled to payments as provided under Section 3.5, and be paid in accordance with the terms and conditions of this Plan existing at the time of termination. This Plan will finally cease to operate for all purposes when the last remaining Eligible Person receives a payment in satisfaction of all outstanding and unredeemed Restricted Share Units credited to such Eligible Person, or all outstanding and unredeemed Restricted Share Units credited to such Eligible Person are cancelled pursuant to the provisions thereof.

ARTICLE 7 GENERAL

7.1 Rights to Common Shares and/or Cash Consideration

This Plan shall not be interpreted to create any entitlement of any Eligible Person to any Common Shares, or to the dividends payable pursuant thereto, or to any Cash Consideration, as applicable, except as expressly provided herein. A holder of Restricted Share Units shall not have rights as a shareholder of the Company with respect to any Common Shares which may be issuable pursuant to the Restricted Share Units so held, whether voting, right on liquidation or otherwise.

7.2 No Right to Employment

This Plan shall not be interpreted as either an employment or trust agreement. Nothing in this Plan nor any Committee guidelines or any agreement referred to in Section 2.5 nor any action taken hereunder shall be construed as giving any Eligible Person the right to be retained in the continued employ or service of the Company or any of its Subsidiaries, or giving any Eligible Person or any other person the right to receive any benefits not specifically expressly provided in this Plan nor shall it interfere in any way with any other right of the Company to terminate the employment or service of any Eligible Person at any time.

7.3 Right to Funds

Neither the establishment of this Plan nor the granting of Restricted Share Units under this Plan shall be deemed to create a trust. Amounts payable to any Eligible Person under the Plan shall be a general, unsecured obligation of the Company. The right of the Employees, Consultants, or Officers to receive payment pursuant to this Plan shall be no greater than the right of other unsecured creditors of the Company.

Schedule A
Discovery Silver Corp. Restricted Share Unit Plan
(the "Plan")

RESTRICTED SHARE UNIT GRANT AGREEMENT

This Restricted Share Unit Grant Agreement is made the ____ day of _____, 20 ____ between _____, the undersigned "Eligible Person" (the "**Eligible Person**"), being an employee, consultant, or officer of Discovery Silver Corp. (the "**Company**") or a Subsidiary thereof, name or designated pursuant to the terms of the Restricted Share Unit Plan of the Company (which Plan, as the same may from time to time be modified, supplemented, or amended and in effect, is herein referred to as the "**Plan**"), and the Company.

In consideration of the grant of Restricted Share Units made to the Eligible Person pursuant to the Plan (the receipt and sufficiency of which are hereby acknowledged), the Eligible Person hereby agrees and confirms that:

1. The Eligible Person has received a copy of the Plan and has read, understands and agrees to be bound by the provisions of the Plan. All capitalized expressions used herein shall have the same meaning as in the Plan unless otherwise defined herein.
2. The Eligible Person accepts and consents to and shall be deemed conclusively to have accepted and consented to, and agreed to be bound by, the provisions and all terms of the Plan and all bona fide actions or decisions made by the Board, the Committee or any person to whom the Committee may delegate administrative duties and powers in relation to the Plan, which terms and consent shall also apply to and be binding on the legal representatives, beneficiaries and successors of the undersigned.
3. On _____, 20 _____, the Eligible Person was granted _____ Restricted Share Units, which grant is evidenced by this Agreement.
4. Except otherwise set forth in the Plan, the Redemption Date(s) for the Restricted Share Units is/are as follows:

5. The Restricted Share Units, which grant is evidenced by this Agreement, are also subject to the terms and conditions contained in the appendixes, if any, attached hereto.
6. This Restricted Share Unit Grant Agreement shall be considered as part of and an amendment to any employment agreement between the Eligible Person and the Company and the Eligible Person hereby agrees that the Eligible Person will not make any claim under that employment agreement for any rights or entitlement under the Plan or damages in lieu thereof except as expressly provided in the Plan.

This Agreement shall be determined in accordance with the laws of the province of British Columbia and the laws of Canada applicable therein. Words used herein which are defined in the Plan shall have the respective meanings ascribed to them in the Plan.

DISCOVERY SILVER CORP.

ELIGIBLE PERSON

Per: _____
Authorized Signatory

Print Name:

ARTICLE 9 APPENDIX A-1 TO APPENDIX A

ARTICLE 10 RESTRICTED SHARE UNIT AGREEMENT

The additional terms and conditions attached to the Restricted Share Units, which grant is evidenced by this Agreement, are as follows:

1. [•]

DISCOVERY SILVER CORP.

ELIGIBLE PERSON

Per: _____
Authorized Signatory

Print Name:

SCHEDULE C
DEFERRED SHARE UNIT PLAN



Discovery Silver Corp.
DEFERRED SHARE UNIT PLAN

June 25, 2021

ARTICLE 1 GENERAL PROVISIONS

1.1 Purpose

This Deferred Share Unit Plan has been established by the Company to promote the interests of the Company by attracting and retaining qualified persons to serve on the Board and to promote a greater alignment of long term interests between such Participants and the shareholders of the Company.

1.2 Definitions

As used in the Plan, the following terms have the following meanings:

- (a) **“Account”** means an account maintained for each Participant on the books of the Company which will be credited with Deferred Share Units, in accordance with the terms of the Plan;
- (b) **“Applicable Law”** means any applicable provision of law, domestic or foreign, including, without limitation, applicable securities legislation, together with all regulations, rules, policy statements, rulings, notices, orders or other instruments promulgated thereunder and TSXV Policies;
- (c) **“Board”** means the board of directors of the Company;
- (d) **“Business Day”** means any day that is not a Saturday, Sunday, or a holiday (as defined in the *Interpretation Act* (Canada)) in Vancouver, British Columbia;
- (e) **“Code”** means the United States *Internal Revenue Code of 1986*, as amended, and any applicable Treasury Regulations and other binding regulatory guidance thereunder;
- (f) **“Committee”** means the Compensation Committee of the Board or any other committee or person designated by the Board to administer the Plan;
- (g) **“Common Shares”** means common shares in the capital of the Company;
- (h) **“Company”** means Discovery Silver Corp. and its successors and assigns;
- (i) **“Deferred Share Unit”** means a unit credited to a Participant’s Account by way of a bookkeeping entry in the books of the Company pursuant to this Plan, the value of which is equivalent in value to a Common Share;
- (j) **“Director”** means a director of the Company;
- (k) **“Disinterested Shareholder”** means a holder of Common Shares that is not an insider (as defined in the *Securities Act* (British Columbia)) nor an associate (as defined in the *Securities Act* (British Columbia)) of an insider;
- (l) **“Dividend”** means an Ordinary Dividend, and may, in the discretion of the Board, include a special or stock dividend, and may, in the discretion of the Board, include a special dividend declared and payable on a Common Share;
- (m) **“Exchange”** means, collectively, the TSX Venture Exchange, any successor thereto and any other stock exchange or trading facilities through which the Common Shares trade or are quoted from time to time;
- (n) **“Exchange Hold Period”** has the meaning ascribed thereto in TSXV Policy 1.1;

- (o) **“Fair Market Value”** means the closing price of the Common Shares on the Exchange on the Business Day immediately prior to the relevant date, or if the Common Shares are not listed on the Exchange, then on such other stock exchange or quotation system as may be selected by the Committee, provided that, if the Common Shares are not listed or quoted on any other stock exchange or quotation system, then the Fair Market Value will be the value determined by the Committee in its sole discretion acting in good faith;
- (p) **“Fiscal Quarter”** means each three-month period ending on March 31, June 30, September 30, or December 31, respectively, unless otherwise designated by the Board;
- (q) **“Grant”** means any Deferred Share Unit credited to the Account of a Participant;
- (r) **“Grant Agreement”** means an agreement between the Company and the Participant under which Deferred Share Units are granted, together with such amendments, deletions, or changes thereto as are permitted under the Plan in the form appended as Schedule A hereto;
- (s) **“Grant Date”** means any date determined from time to time by the Committee as a date on which a grant of Deferred Share Units will be made to one or more Participants under this Plan;
- (t) **“Insider”** has the meaning ascribed thereto on TSXV Policy 1.1;
- (u) **“Notice of Redemption”** means written notice, on a prescribed form, by the Participant, or the administrator or liquidator of the estate of the Participant, to the Company of the Participant’s wish to redeem his or her Deferred Share Units;
- (v) **“Ordinary Dividend”** means a dividend declared and payable on a Common Share in accordance with the Company’s dividend policy as the same may be amended from time to time;
- (w) **“Participant”** means a Director who (i) is not otherwise an employee of the Company and (ii) is designated by the Committee as eligible to participate in the Plan;
- (x) **“Plan”** means this Discovery Silver Corp. Deferred Share Unit Plan;
- (y) **“Redemption Date”** means the date that a Notice of Redemption is received by the Company, except with respect to any US Taxpayer, it shall mean the date set forth in the Grant Agreement;
- (z) **“Reorganization”** means any declaration of any stock dividend, stock split, combination or exchange of shares, merger, consolidation, recapitalization, amalgamation, plan of arrangement, reorganization, spin-off or other distribution (other than Ordinary Dividends) of the Company assets to shareholders or any other similar corporate transaction or event which the Board determines affects the Common Shares such that an adjustment is appropriate to prevent dilution or enlargement of the rights of Participants under this Plan;
- (aa) **“Separation From Service”** shall mean that employment or service with the Company and any entity that is to be treated as a single employer with the Company for purposes of United States Treasury Regulation Section 1.409A – 1(h) terminates such that it is reasonably anticipated that no further services will be performed;
- (bb) **“Share Compensation Arrangement”** means any stock option, stock option plan, employee stock purchase plan, restricted share unit plan, or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares, including a share purchase from treasury which is financially assisted by the Company by way of a loan, guarantee, or otherwise;
- (cc) **“Share Price”** means the closing price of a Common Share on the Exchange averaged over the five consecutive trading days immediately preceding (a) in the case of a Grant, the date of Grant in

respect of a Director, or (b) in the case of a redemption, the Redemption Date, as applicable, or in the event such Common Shares are not traded on the Exchange, the fair market value of such Common Shares as determined by the Committee acting in good faith;

- (dd) **“Specified Employee”** means a US Taxpayer who meets the definition of “specified employee”, as defined in Section 409A(a)(2)(B)(i) of the Code;
- (ee) **“Termination Date”** means the date of a Participant’s death, or retirement from, or loss of office or employment with the Company, within the meaning of paragraph 6801(d) of the regulations under the Income Tax Act (Canada) or any successor to such provision, including the Participant’s resignation, retirement, death or otherwise;
- (ff) **“TSXV Policies”** means the policies included in the TSX Venture Exchange Corporate Finance Manual and **“TSXV Policy”** means any one of them; and
- (gg) **“US Taxpayer”** means any Participant whose compensation under the Plan would be subject to income tax under the Code.

1.3 Effective Date

The Plan shall be effective on June 26, 2020, provided that no Common Shares may be issued under the Plan until and unless all required Exchange, regulatory, and shareholder approvals have been obtained with respect to the issuance of Common Shares hereunder.

1.4 Governing Law; Subject to Applicable Regulatory Rules

The Plan shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. The provisions of the Plan shall be subject to the applicable by-laws, rules, and policies of the Exchange and applicable securities legislation, including for greater certainty TSXV Policy 4.4 – *Incentive Stock Options* (where references to “stock option plan” in such TSXV Policy refer to this Plan and references to “stock options” in such TSXV Policy refer to Deferred Share Units). Adoption of the Plan shall be subject to Disinterested Shareholder approval and Exchange approval.

ARTICLE 2 DEFERRED SHARE UNITS

2.1 Establishment of Annual Base Compensation

An annual compensation amount (the **“Annual Base Compensation”**) payable to non-employee Directors of the Company shall be established from time-to-time by the Board. The amount of Annual Base Compensation will be reported annually in the Company’s management information circular.

2.2 Payment of Annual Base Compensation

- (a) The Annual Base Compensation shall be payable in quarterly installments, with each installment payable as promptly as practicable following the last Business Day of the Fiscal Quarter to which it applies. Quarterly payments shall be prorated if Board service commences or terminates during a Fiscal Quarter. The number of Deferred Share Units to be paid and the terms of the Deferred Share Units shall be determined as provided in the following sections of this Plan.
- (b) Each Participant that is not a US Taxpayer may elect to receive Deferred Share Units up to 100% of his or her Annual Base Compensation by completing and delivering a written election to the Company in the form attached hereto as Schedule “B” on or before the last day of the Fiscal Quarter immediately preceding the Fiscal Quarter with respect to which the election is made. Such election will be effective with respect to compensation payable for the Fiscal Quarter following the Fiscal

Quarter in which such written election is made. Further, where an individual becomes a Participant for the first time during a Fiscal Quarter or where any Participant is serving as a Director in the first Fiscal Quarter in which the Plan is adopted, such individual may elect to participate in the Plan with respect to the Fiscal Quarter of the Company commencing after the Fiscal Quarter in which the Company receives such individual's written election. For greater certainty, new Participants will not be entitled to receive Deferred Share Units pursuant to an election for the Fiscal Quarter in which they submit their first election to the Company or any previous Fiscal Quarter. Elections under this Section 2.2(b) shall be irrevocable with respect to compensation earned during the period to which such election relates and for the avoidance of doubt, may not be revoked or changed later than the last day of the Fiscal Quarter immediately preceding such period.

- (c) All Deferred Share Units granted with respect to Annual Base Compensation will be credited to the Participant's Account when such Annual Base Compensation is payable.
- (d) The Participant's Account will be credited with the number of Deferred Share Units calculated to the nearest thousandths of a Deferred Share Unit, determined by dividing the dollar amount of compensation payable in Deferred Share Units on the Grant Date by the Share Price. Fractional Common Shares will not be issued and any fractional entitlements will be rounded down to the nearest whole number.

2.3 Additional Deferred Share Units

In addition to Deferred Share Units granted pursuant to Section 2.2, and subject to the limitations set out in Article 6, the Board may award such number of Deferred Share Units to a Participant as the Board deems advisable to provide the Participant with appropriate equity-based compensation for the services he or she renders to the Company. The Board shall determine the date on which such Deferred Share Units may be granted and the date as of which such Deferred Share Units shall be credited to a Participant's Account. The Company and a Participant who receives an award of Deferred Share Units pursuant to this Section 2.3 shall enter into a Grant Agreement to evidence the award and the terms applicable thereto.

ARTICLE 3 ADMINISTRATION

3.1 Transferability

Rights respecting Deferred Share Units shall not be transferable or assignable other than by will or the laws of descent and distribution.

3.2 Administration of Plan

Except as required to ensure that the Plan continues to meet the requirements of paragraph 6801(d) of the regulations under the Income Tax Act (Canada) or any successor to such provision, the Committee shall have the power, where consistent with the general purpose and intent of the Plan and subject to the specific provisions of the Plan:

- (a) to establish policies and to adopt rules and regulations for carrying out the purposes, provisions and administration of the Plan and to amend and rescind such rules and regulations from time to time;
- (b) to interpret and construe the Plan and to determine all questions arising out of the Plan and any such interpretation, construction or determination made by the Committee shall be final, binding and conclusive for all purposes;
- (c) to prescribe the form of the instruments used in conjunction with the Plan; and
- (d) to determine which members of the Board are eligible to participate in the Plan.

3.3 Redemption of Deferred Share Units (other than US Taxpayers)

- (a) Each Participant shall be entitled to redeem his or her Deferred Share Units during the period commencing on the Business Day immediately following the Termination Date and ending on the 90th day following the Termination Date by providing a written Notice of Redemption to the Company. In the event of death of a Participant, the Notice of Redemption shall be filed by the legal representative of the Participant.
- (b) Upon redemption, the Participant shall be entitled to receive, and the Company shall issue or provide:
 - (i) subject to shareholder approval of this Plan and the limitations set forth in Article 6 below, a number of Common Shares issued from treasury equal to the number of Deferred Share Units in the Participant's Account, subject to any applicable deductions and withholdings;
 - (ii) subject to and in accordance with any Applicable Law, a number of Common Shares purchased by an independent administrator of the Plan (if and when an independent administrator is so engaged by the Company) in the open market for the purposes of providing Common Shares to Participants under the Plan equal in number to the Deferred Share Units in the Participant's Account, subject to any applicable deductions and withholdings;
 - (iii) the payment of a cash amount to a Participant equal to the number of Deferred Share Units multiplied by the Share Price, subject to any applicable deductions and withholdings; or
 - (iv) any combination of the foregoing,as determined by the Committee, in its sole discretion.

3.4 Payment Notwithstanding

Notwithstanding any other provision of this Plan, all amounts payable to, or in respect of, a Participant hereunder shall be paid on or before December 31 of the calendar year commencing immediately after the Participant's Termination Date.

3.5 Exchange Hold Period and Legend

If required by the policies of the Exchange, the certificates representing Common Shares issued upon the redemption of Deferred Share Units (if redeemed prior to the expiry of the Exchange Hold Period) will bear the following Exchange Hold Period legend:

“Without prior written approval of TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this certificate may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until [insert date that is four months and a day after the distribution date].”

ARTICLE 4 DIVIDENDS

4.1 Payment of Dividend Equivalents

When Dividends are paid on Common Shares, a Participant shall be credited with Dividend equivalents in respect of the Deferred Share Units credited to the Participant's account as of the record date for payment of Dividends and no payment in cash should be made to any Participant with respect to such Dividend equivalent. Such Dividend

equivalents shall be converted into additional Deferred Share Units (including fractional Deferred Share Units) based on the Fair Market Value per Common Share on the date credited and redeemed on the Redemption Date of the Deferred Share Unit with respect to which the Dividend equivalent was granted.

ARTICLE 5

ALTERATION OF NUMBER OF SHARES SUBJECT TO THE PLAN

5.1 Subdivisions or Consolidations

In the event that the Common Shares shall be subdivided or consolidated into a different number of Common Shares or a distribution shall be declared upon the Common Shares payable in Common Shares, the number of Deferred Share Units then recorded in the Participant's Account shall be adjusted by replacing such number by a number equal to the number of Common Shares which would be held by the Participant immediately after the distribution, subdivision, or consolidation, should the Participant have held a number of Common Shares equal to the number of Deferred Share Units recorded in the Participant's Account on the record date fixed for such distribution, subdivision, or consolidation.

5.2 Reorganizations

In the event there shall be any change, other than as specified in Section 5.1, in the number or kind of outstanding Common Shares or of any shares or other securities into which such Common Shares shall have been changed or for which they shall have been exchanged, pursuant to a Reorganization or otherwise, then there shall be substituted for each Common Share referred to in the Plan or for each share into which such Common Share shall have been so changed or exchanged, the kind of securities into which each outstanding Common Share shall be so changed or exchanged and an equitable adjustment shall be made, if required, in the number of Deferred Share Units then recorded in the Participant's Account, such adjustment, if any, to be reasonably determined by the Committee and to be effective and binding for all purposes.

5.3 Adjustments

In the case of any such substitution, change, or adjustment as provided for in this Article 5, the variation shall generally require that the number of Deferred Share Units then recorded in the Participant's Account prior to such substitution, change or adjustment will be proportionately and appropriately varied.

ARTICLE 6

RESTRICTIONS ON ISSUANCES

6.1 Maximum Number of Deferred Share Units

Deferred Share Units may be granted by the Company in accordance with this Plan, provided the maximum number of Common Shares which may be issued from treasury in connection with the redemption of Deferred Share Units:

- (a) shall be 3,000,000 Common Shares, or such greater number as may be approved from time to time by the Company's shareholders; and
- (b) in combination with the aggregate number of Common Shares which may be issuable under any other Share Compensation Arrangement, including the Company's stock option plan and restricted share unit plan, shall not exceed 10% of the total number of issued and outstanding Common Shares on a non-diluted basis, or such greater number of Common Shares as shall have been duly approved by the Board and, if required, by the TSXV Policies (if applicable) or any other stock exchange on which the Common Shares of the Company may then be listed, and by the shareholders of the Company.

6.2 Participation Limits

If and for so long as the Company's Common Shares are listed on the Exchange: (i) no Common Shares may be issuable to any Participant whose role and duties primarily consist of Investor Relations Activities (as defined in the TSXV Policies); and (ii) the number of Common Shares which may be issuable under the Plan and any other Share Compensation Arrangement:

- (a) to any one Participant, shall not exceed 2% of the total number of issued and outstanding Common Shares on a non-diluted basis at the Grant Date;
- (b) within any one-year period:
 - (i) to any one Participant, shall not exceed 5% of the total number of issued and outstanding Common Shares on a non-diluted basis; and
 - (ii) to Insiders as a group, shall not exceed 10% of the total number of issued and outstanding Common Shares on a non-diluted basis; and
- (c) to Insiders as a group, shall not exceed 10% of the total number of issued and outstanding Common Shares on a non-diluted basis.

ARTICLE 7 AMENDMENT, SUSPENSION, OR TERMINATION

7.1 Amendments Requiring Shareholder Approval

The Board reserves the right to amend, suspend, or terminate the Plan or any portion thereof at any time, in accordance with Applicable Law, provided that such amendment, suspension, or termination (i) will require shareholder approval, Disinterested Shareholder Approval, and Exchange approval; and (ii) will not adversely affect the rights of any Participant with respect to the Deferred Share Units to which the Participant is then entitled under the Plan without the consent of the Participant.

7.2 Amendments Not Requiring Shareholder Approval

Without limiting the generality of the foregoing, unless otherwise required by the TSXV Policies, the Board may make the following amendments to the Plan, without obtaining shareholder approval:

- (a) amendments to the terms and conditions of the Plan necessary to ensure that the Plan complies with the applicable regulatory requirements, including the rules of the Exchange, in place from time to time; or
- (b) amendments to the Plan that are of a "housekeeping" nature, including for the purposes of making formal minor or technical modifications to any of the provisions of the Plan, or to correct any ambiguity, defective provision, error, or omission in the provisions of the Plan,

provided, however, that no such amendment of the Plan may be made without the consent of each affected Participant in the Plan if such amendment would adversely affect the rights of such affected Participant(s) under the Plan.

7.3 Amendments and Renewals

All amendments and renewals of the Plan shall require prior Disinterested Shareholder approval and prior Exchange approval.

7.4 Tax Matters

Notwithstanding any other provision of the Plan, any amendment of the Plan or interpretation thereof shall be such that the Plan continuously meets the requirements of paragraph 6801(d) of the regulations under the Income Tax Act (Canada) or any successor to such provision.

7.5 Termination of the Plan

The Committee may decide to terminate or suspend the Plan or discontinue granting awards under the Plan at any time in which case no further Deferred Share Units shall be awarded or credited under the Plan. Any Deferred Share Units which remain outstanding in a Participant's Account at that time shall continue to be dealt with according to the terms of the Plan. No termination, suspension, or discontinuation will, without the consent of the Participant or unless required by Applicable Law, adversely affect the rights of a Participant with respect to Deferred Share Units to which the Participant is then entitled under this Plan. In no event will a termination of this Plan accelerate the time at which the Participant would otherwise be entitled to receive any cash in respect of Deferred Share Units hereunder. The Plan shall terminate when all payments owing pursuant to Section 3.3 of the Plan have been made and all Deferred Share Units have been cancelled in all Participants' Accounts. Notwithstanding the foregoing, termination of the Plan shall be such that the Plan continuously meets the requirements of paragraph 6801(d) of the regulations under the Income Tax Act (Canada) or any successor to such provision.

ARTICLE 8 GENERAL

8.1 Withholding

The Company may withhold from any amount payable to a Participant, either under this Plan, or otherwise, such amount as may be necessary so as to ensure that the Company will be able to comply with the provisions of any Applicable Law relating to the withholding of tax or other required deductions, including on the amount, if any, includable in the income of a Participant. For greater certainty, if a Participant is or becomes subject to tax in more than one jurisdiction, the Company may be required to withhold or account for taxes in more than one jurisdiction. The Company shall also have the right in its discretion to satisfy any such withholding tax liability by, among other things, requiring the Participant to remit such amounts to the Company, or by retaining, acquiring, or selling on behalf of a Participant any Common Shares which would otherwise be issued or provided to a Participant hereunder.

Notwithstanding any provision in this Plan, the ultimate liability for all taxes legally payable by a Participant is and remains the Participant's responsibility, and such tax liability may exceed the amount actually withheld by the Company. The Company (a) makes no representations or undertakings regarding the treatment of any taxes under Applicable Laws in connection with any aspect of this Plan; and (b) does not commit to and is under no obligation to structure the terms of this Plan to reduce or eliminate a Participant's liability for taxes or achieve any particular tax result under any Applicable Law.

8.2 Successors and Assigns

The Plan shall be binding on all successors and assignees of the Company.

8.3 Legal Compliance

The Company's grant of any Deferred Share Units or issuance of any Common Shares hereunder is subject to compliance with Applicable Law applicable thereto. As a condition of participating in the Plan, each Participant agrees

to comply with all Applicable Law and agrees to furnish to the Company all information and undertakings as may be required to permit compliance with Applicable Law.

8.4 No Shareholder Rights

Under no circumstances shall Deferred Share Units be considered Common Shares nor shall they entitle any Participant to exercise voting rights or any other rights attaching to the ownership of Common Shares nor shall any Participant be considered the owner of Common Shares by virtue of the award of Deferred Share Units.

8.5 No Right to Be Retained as Director

Participation in the Plan shall not be construed to give any Participant a right to be retained or continue to be retained as a Director.

8.6 No Other Benefit

No amount will be paid to, or in respect of, a Participant under the Plan to compensate for a downward fluctuation in the price of Common Shares nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose. The Company makes no representations or warranties to a Participant with respect to the Plan or any Deferred Share Units whatsoever. In seeking the benefits of participation in the Plan, a Participant agrees to exclusively accept all risks associated with a decline in the market price of Common Shares and all other risks associated with the holding of a Deferred Share Unit.

8.7 Participation Voluntary

Participation in the Plan shall be entirely voluntary.

8.8 Unfunded Plan

Unless otherwise determined by the Committee, the Plan shall be unfunded. To the extent any Participant or his or her estate holds any rights by virtue of a grant of Deferred Share Units under the Plan, such rights (unless otherwise determined by the Committee) shall be no greater than the rights of an unsecured creditor of the Company.

8.9 Final Determination

Any determination or decision by or opinion of the Committee made or held pursuant to the terms of the Plan shall be final, conclusive, and binding on all parties concerned. All rights, entitlements, and obligations of Participants under the Plan are set forth in the terms of the Plan and cannot be modified by any other documents, statements, or communications, except by Plan amendments referred to in Article 7 of the Plan.

8.10 Ability to Reorganize Corporation Notwithstanding Deferred Share Units

The existence of any Deferred Share Units shall not affect in any way the right or power of the Company or its shareholders to make or authorize any adjustment, recapitalization, Reorganization, or other change in the Company's capital structure or its business, or any amalgamation, combination, merger, or consolidation involving the Company or to create or issue any bonds, debentures, shares, or other securities of the Company or the rights and conditions attaching thereto or to affect the dissolution or liquidation of the Company or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

8.11 Interpretation

In this text, words importing the singular meaning shall include the plural and vice versa, and words importing the masculine shall include the feminine and neuter genders.

8.12 Severability

The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from the Plan.

ARTICLE 9 SPECIAL PROVISIONS FOR US TAXPAYERS

9.1 General

Notwithstanding any provision of the Plan to the contrary, it is intended that the provisions of this Plan comply with or are exempt from Section 409A of the Code, and all provisions of this Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A of the Code. Each US Taxpayer is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or for the account of such US Taxpayer in connection with this Plan or any other Plan of the Company (including any taxes and penalties under Section 409A of the Code), and neither the Company nor any affiliate of the Company shall have any obligation to indemnify or otherwise hold such US Taxpayer (or any beneficiary) harmless from any or all of such taxes or penalties.

9.2 Payment of Annual Base Compensation for US Taxpayers

Notwithstanding anything to the contrary in Section 2.2(b) of the Plan or otherwise, each US Taxpayer may elect to receive in Deferred Share Units up to 100% of his or her Annual Base Compensation by completing and delivering a written election to the Company in the form attached hereto as Schedule “B” on or before December 31 of the calendar year ending immediately before the calendar year with respect to which the election is made. Such election will be effective with respect to compensation payable for Fiscal Quarters during the calendar year following the calendar year in which such written election is made. Further, where an individual that is a US Taxpayer becomes a Participant for the first time during a fiscal year or where any US Taxpayer is serving as a Director in the first calendar year in which the Plan is adopted, such individual may elect to participate in the Plan with respect to Fiscal Quarters of the Company commencing after the Company receives such individual’s written election, which election must be received by the Company no later than 30 days after such individual’s appointment as a Director or the Plan has been adopted, as applicable. For greater certainty, new Participants that are US Taxpayers will not be entitled to receive Deferred Share Units pursuant to an election for the Fiscal Quarter in which they submit their first election to the Company or any previous Fiscal Quarter. Elections under this Section 9.2 shall be irrevocable with respect to compensation earned during the period to which such election relates and for the avoidance of doubt, may not be revoked or changed later than December 31 of the prior year.

9.3 Redemption of Deferred Share Units for US Taxpayers

Notwithstanding anything to the contrary in Section 3.3 of the Plan or otherwise, a US Taxpayer must specify the Redemption Dates for his or her Deferred Share Units at the same time as the initial deferral election is made (upon becoming a newly eligible Participant or with respect to any new election filed for any subsequent years) in accordance with Section 2.2 of the Plan and such Redemption Dates shall be set forth in the applicable Grant Agreement. For the avoidance of doubt, if any additional Deferred Share Units are issued to a US Taxpayer in accordance with Section 2.3 of the Plan, the Redemption Dates shall be set forth in the applicable Grant Agreement, in accordance with this Article 9. Notwithstanding anything to the contrary herein or otherwise, any Deferred Share Units issued to a US Taxpayer shall only be redeemed following such Participant’s Separation From Service and may be redeemed in one or two tranches, with one Redemption Date occurring within 30 days of the US Taxpayer’s Separation from Service but in no event later than the last day of the calendar year in which such Separation From Service occurs and, if applicable, the second Redemption Date shall be on March 1 of the calendar year following such Separation From Service.

9.4 Distributions on Death

Notwithstanding any provision of the Plan to the contrary, the Deferred Share Units issued to a US Taxpayer who dies shall be redeemed and paid to the US Taxpayer's estate in the calendar year of the US Taxpayer's death.

9.5 Distributions to Specified Employees

Solely to the extent required by Section 409A of the Code, distributions under the Plan in respect of a US Taxpayer who is determined to be a Specified Employee shall not actually be paid before the date which is six months after the Specified Employee's Separation From Service (or, if earlier, the date of death of the Specified Employee). Following any applicable six month delay of payment, all such delayed payments shall be made to the Specified Employee in a lump sum on the earliest possible payment date.

9.6 Amendment

The Board shall retain the power and authority to amend or modify this Article 9 to the extent the Board in its sole discretion deems necessary or advisable to comply with any guidance issued under Section 409A of the Code. Such amendments may be made without the approval of any US Taxpayer.

Schedule A
Discovery Silver Corp. Deferred Share Unit Plan
(the "Plan")

DEFERRED SHARE UNIT GRANT AGREEMENT

This Deferred Share Unit Grant Agreement is entered into between Discovery Silver Corp. (the "**Company**") and the individual named below (the "**Non-Employee Director**") pursuant to Section 2.3 of the Plan and confirms that effective _____, 20__ (the "**Effective Date**") _____ Deferred Share Units ("**DSUs**") have been granted by the Company to the Non-Employee Director on the terms set out in this Agreement and the Plan.

The Non-Employee Director confirms and acknowledges that:

1. He/she has received a copy of the terms of the Plan and this Agreement, understands and agrees to be bound by them.
2. [OMIT FOR US TAXPAYERS: He/she will not be able to cause the Company to redeem DSUs referred to above or any additional DSUs credited to the Non-Employee Director's Account pursuant to Section 2.2(b) of the Plan in respect of such DSUs until the date specified in the Plan following his/her Termination Date.][FOR US TAXPAYERS ONLY: Notwithstanding anything to the contrary in the Plan or otherwise, the Non-Employee Director's Account shall be redeemed and the DSUs issued hereunder shall be redeemed in [one][two][equal] installment[s], with one Redemption Date occurring within 30 days of the US Taxpayer's Separation From Service but in no event later than the last day of the calendar year in which such Separation From Service occurs [and, the second Redemption Date occurring on [March 1] of the calendar year following such Separation From Service.]]
3. When DSUs referred to above and additional DSUs credited to the Non-Employee Director's Account pursuant to his/her election are redeemed in accordance with the terms of the Plan after he/she is no longer either a Director or employee of the Company, income tax and other withholdings as required will arise at that time. Upon redemption of the DSUs, the Company will make all appropriate withholdings as required by law at that time.
4. The value of the DSUs is based on the value of the common shares of the Company and therefore is not guaranteed.
5. In the event of any discrepancy between the terms of the Plan and the terms of this Agreement, the terms of the Plan shall prevail. All capitalized expressions used herein shall have the same meaning as in the Plan unless otherwise specified herein.
6. This Agreement shall be determined in accordance with the laws of the province of British Columbia and the laws of Canada applicable therein. Words used herein which are defined in the Plan shall have the respective meanings ascribed to them in the Plan.

IN WITNESS WHEREOF the Company and Non-Employee Director have executed this Agreement as of the Effective Date.

DISCOVERY SILVER CORP.

NON-EMPLOYEE DIRECTOR

Per: _____
Authorized Signatory

Print Name:

Schedule B
Discovery Silver Corp. Deferred Share Unit Plan
(the "Plan")

FORM OF DEFERRED SHARE UNIT ELECTION NOTICE

In order to exercise your right as a Participant, subject to the conditions in this Plan, to elect to be credited with Deferred Share Units in lieu of any amount of your Directors' Annual Base Compensation otherwise payable to you in cash in any Fiscal Quarter or, for a US Taxpayer, calendar year, please complete the information below and return a signed and dated copy of this Election Notice to the Company's Chief Financial Officer.

In order to be effective, this Election Notice, duly executed, must be returned to the Company's Chief Financial Officer (i) in the case of a Participant that is not a US Taxpayer, not later than the last day of the Fiscal Quarter immediately preceding the Fiscal Quarter in respect of which you are making this election; or (ii) in the case of a US Taxpayer, not later than the last day of the calendar year immediately preceding the calendar year in respect of which you are making this election.

I hereby elect, for the Fiscal Quarter/calendar year (circle one) ended _____, to receive in DSUs _____% (please insert applicable percentage) of the Directors' Annual Base Compensation otherwise payable to me in cash in such calendar year.

I confirm that:

1. I have received and reviewed a copy of the terms of this Plan and agreed to be bound by such terms.
2. I understand that I will not be able to cause the Company to redeem Deferred Share Units granted under this Plan until the dates set forth in the Plan.
3. I recognize that when Deferred Share Units credited pursuant to an election made under this Election Notice are redeemed in accordance with the terms of this Plan after I am no longer a Participant of the Company, income tax and other withholdings as required will arise at that time that will be my obligations (and not the Company's, except as required by law).
4. (select one)

☐ I am not a US Taxpayer and I understand that this election shall be irrevocable as of _____ the last day of the Fiscal Quarter prior to the Fiscal Quarter to which the _____ compensation plan relates.

☐ I am a US Taxpayer and I understand that this election shall be irrevocable as of December 31 of the year prior to the year to which the compensation plan relates.
5. I understand that the value of Deferred Share Units are based on the value of the Common Shares of the Company and therefore are not guaranteed.
6. I further understand that the foregoing is only a brief outline of certain key provisions of this Plan and that for more complete information, reference should be made to the Plan in its entirety. In the event of any discrepancy between the terms of the Plan and the terms of this Election Notice, the terms of the Plan shall prevail. All capitalized expressions used herein shall have the same meaning as in the Plan unless otherwise defined above.

IN WITNESS WHEREOF the Participant has executed this Notice as of the date set forth below.

Date_____

Participant name:_____

SCHEDULE D
FORM 52-110F2
AUDIT COMMITTEE DISCLOSURE
(VENTURE ISSUERS)

Item 1: The Audit Committee Charter

The following Charter for the Audit Committee (the “Committee”) was adopted by the Board on December 12, 2017, and reapproved on November 25, 2020.

Purpose

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

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

Composition

- (a) The Committee shall be composed of three or more directors as shall be designated by the Board from time to time.
- (b) Sufficient members of the Committee shall be “independent” and “financially literate” (as such terms are defined under applicable securities laws and exchange requirements for audit committee purposes) so as to comply with applicable securities laws and stock exchange rules.
- (c) Each member of the Committee shall be able to read and understand fundamental financial statements, including a company’s balance sheet, income statement and cash flow statement.
- (d) At least one member of the Committee shall have sufficient experience to be considered a Financial Expert, where such determined by having been a chief financial officer, chartered or certified public accountant, certified management accountant, or partner of an accounting firm.
- (e) Members of the Committee shall be appointed at a meeting of the Board, typically held immediately after the annual shareholders’ meeting. Each member shall serve until his/her successor is appointed unless he/she shall resign or be removed by the Board, or he/she shall otherwise cease to be a director of the Corporation. Any member may be removed or replaced at any time by the Board.
- (f) Where a vacancy occurs at any time in the membership of the Committee, it may be filled by a vote of a majority of the Board.
- (g) The Chair of the Committee may be designated by the Board or, if it does not do so, the members of the Committee may elect a chair by vote of a majority of the full Committee membership. The Chair of the Committee shall be an independent director (as described above); the position of Chair of the Committee shall not be filled by the current Chair of the Board.
- (h) If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee present at the meeting shall be chosen by the Committee to preside.

- (i) The Committee shall appoint a secretary (the “Secretary”) who need not be a member of the Committee or a director of the Corporation. The Secretary shall keep minutes of the meetings of the Committee. This role is normally filled by the Secretary of the Corporation.
- (j) No Committee member shall simultaneously serve on the audit committee of more than two other public companies with active business operations or significant assets.

Meetings

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

- (n) Minutes of Committee meetings shall be sent to all Committee members.
- (o) The Chair of the Committee shall report periodically the Committee's findings and recommendations to the Board.

Duties and Responsibilities

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

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

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

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

Chair

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

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

- (j) ensure that the members of the Committee understand and discharge their duties and obligations;
- (k) foster ethical and responsible decision making by the Committee and its individual members;
- (l) encourage Committee members to ask questions and express viewpoints during meetings;
- (m) together with the Corporate Governance and Nominating Committee, oversee the structure, composition, membership and activities delegated to the Committee from time to time;
- (n) ensure that resources and expertise are available to the Committee so that it may conduct its work effectively and efficiently and pre-approve work to be done for the Committee by consultants;
- (o) facilitate effective communication between members of the Committee and management;
- (p) encourage the Committee to meet in separate, regularly scheduled, non-management, closed sessions with the Independent Auditors;
- (q) attend each meeting of shareholders to respond to any questions from shareholders as may be put to the Chair; and
- (r) perform such other duties and responsibilities as may be delegated to the Chair by the Board from time to time.

Committee

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

Auditors' activities or access to requested information, and management's response. The Committee shall also review with the auditors: any accounting adjustments that were noted or proposed by the auditors but were "passed" (as immaterial or otherwise); any communications between the audit team and the audit firm's national office relating to problems or difficulties encountered with respect to significant auditing or accounting issues; and any "management" or "internal control" letter issued, or proposed to be issued, by the audit firm to the Corporation.

- (i) The Committee shall review and recommend approval of the quarterly financial statements for submission to the Board, as well as the related management's discussion and analysis of financial condition and results of operations ("MD&A"), prior to the release and filing thereof. The Committee shall also discuss with the independent auditors the results of the auditors' quarterly review or other involvement in the preparation of the quarterly statements, as well as any other matters required to be communicated to the Committee by the independent auditors under applicable professional guidelines. The Committee shall discuss and review with management the quarterly certification with respect to financial matters mandated by applicable securities laws.
- (j) The Committee shall review and recommend approval of the annual audited financial statements for submission to the Board, as well as the related MD&A, prior to the release and filing thereof. The Committee's review of the financial statements shall include: (i) consideration of any major issues regarding accounting principles and financial statement presentation, including any significant changes in the Corporation's selection or application of accounting principles, any major issues as to the adequacy of the Corporation's internal controls and any specific remedial actions adopted in light of material control deficiencies; (ii) discussions with management and the Independent Auditors regarding significant financial reporting issues and judgments made in connection with the preparation of the financial statements and the reasonableness of those judgments; (iii) consideration of the effect of regulatory accounting initiatives, as well as off-balance sheet structures on the financial statements; (iv) consideration of the judgment of both management and the Independent Auditors about the quality of accounting principles; and (v) consideration of the clarity of the disclosure in the financial statements. The Committee shall also discuss with the Independent Auditors the results of the annual audit and any other matters required to be communicated to the Committee by the Independent Auditors under applicable professional guidelines. The Committee shall discuss and review with management the annual certification with respect to financial matters mandated by applicable securities laws.
- (k) The Committee shall also receive and review a report from the Independent Auditors, prior to the release and filing of the Corporation's annual audited financial statements, on all critical accounting policies and practices of the Corporation, any potential alternative treatment of financial information within generally accepted accounting principles that have been discussed with management, including the ramifications of the use of such alternative treatment for the disclosure in the financial statements and the treatment preferred by the Independent Auditors, and all other material written communications between the Independent Auditors and management.
- (l) The Committee shall review and approve all related party transactions not in the ordinary course of business in the absence of a special committee of the Board of Directors designated for such function.
- (m) The Committee shall review all earnings press releases before they are issued and shall ensure that adequate procedures are in place for the review of any other public disclosure of financial information extracted or derived from the Corporation's financial statements.
- (n) The Committee shall discuss with management and the Independent Auditors the adequacy and effectiveness of internal control over financial reporting, including any significant deficiencies or material weaknesses identified by management or the auditors in light of applicable securities laws requirements.
- (o) The Committee shall review the results of procedures undertaken by the Independent Auditors relating to ESTMA reporting, and receive and review the auditor's reporting thereon.
- (p) The Committee shall review with management the Corporation's compliance systems in light of applicable legal and regulatory requirements.

- (q) The Committee shall review periodically with management the risk of the Corporation being subject to fraud and the controls in place to manage such risk.
- (r) The Committee shall review financial summaries and disclosures made in accordance with the ESTMA, including but not limited to attestation reports made by a director or officer of the Corporation that the information in the report is true, accurate and complete in all material respects and that reasonable diligence has been exercised.
- (s) The Committee shall ensure that the Corporation establish appropriate policies and procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- (t) The Committee shall ensure that the Corporation has in effect clear hiring policies for partners, employees and former partners and employees of the Corporation's present and former Independent Auditors that meet applicable legal and regulatory requirements.
- (u) The Committee shall, with the assistance of management, determine the appropriate funding needed by the Committee for payment of: (i) compensation to the independent audit firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation; (ii) compensation to any advisers employed by the Committee; and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
- (v) To the extent the Corporation maintains an internal audit function, the Committee shall meet periodically with the internal auditors to discuss the overall scope and plans for the internal audit function, including approval of its mandate, and the adequacy and effectiveness of the Corporation's internal controls.
- (w) The Committee shall ensure that the policies established pursuant to the Charter are communicated to the Board, the Corporation's management and employees and other parties as may be appropriate and to the best of its ability shall ensure that such policies are implemented by the audit committees of subsidiary companies where appropriate. The Committee shall also ensure that the necessary follow-up is undertaken with such other audit committees.
- (x) The Committee shall perform an evaluation of its performance at least annually to determine whether it is functioning effectively.
- (y) The Committee shall review and reassess the Charter at least annually.

Item 2: Composition of the Audit Committee

National Instrument 52-110 – *Audit Committees* (“NI 52-110”) provides that a member of an audit committee is “independent” if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board, reasonably interfere with the exercise of the member’s independent judgment.

NI 52-110 provides that an individual is “financially literate” if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements. The following sets out the members of the audit committee and their education and experience that is relevant to the performance of his or her responsibilities as an audit committee member.

The current members of the Audit Committee are Jeff Parr, Murray John, and Daniel Vickerman, all of whom are independent and financially literate as defined by NI 52-110. The Company is relying on an exemption provided in Section 6.1 of NI 52-110 from the requirements of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

Item 3: Relevant Education And Experience

All members of the Audit Committee hold professional accounting designations or have been involved in enterprises which publicly report financial results, each of which requires a working understanding of, and ability to analyze and assess, financial information (including financial statements).

Jeff Parr

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

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

Murray John

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

Daniel Vickerman

Mr. Vickerman joined the Board through Discovery's 2019 merger with Levon Resources where he was Board Chairman. Mr. Vickerman is a seasoned institutional sales and corporate finance professional with 25 years of experience in the financial industry. Mr. Vickerman is currently the Senior Vice President of Corporate Development and Director of Blackrock Silver Corp. and formerly, Managing Director, Head of UK of Beacon Securities UK from 2016 to 2019 and former Managing Director, Head of UK for Edgcrest Capital. Prior to joining Edgcrest Capital UK, Mr. Vickerman was Managing Director, Co-Head of Canadian Equity Sales UK at Canaccord Genuity. Mr. Vickerman also formerly worked at Thomas Weisel Partners where he served as Senior Vice President. Daniel spent over 4 years at a London based Alternative asset manager with over \$400 million AUM, trading commodities and FX. Mr. Vickerman has extensive experience working with mineral exploration and development companies, raising over \$1 billion for private and listed companies. Recently Mr. Vickerman has raised over \$100 million for U.S and Canadian Cannabis companies. He holds a Bachelor of Arts, Economics from the University of Western Ontario.

Item 4: Audit Committee Oversight

At no time during the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor (currently, PwC) not adopted by the Board.

Item 5: Reliance on Certain Exemptions

During the most recently completed financial year, the Company has not relied on any of the following exemptions set out in NI 52-110: Section 2.4 (*De Minimis Non-audit Services*), subsection 6.1.1(4) (*Circumstance Affecting the*

Business or Operations of the Venture Issuer), subsection 6.1.1(5) (*Events Outside Control of Member*), subsection 6.1.1(6) (*Death, Incapacity or Resignation*), or any exemption, in whole or in part, in Part 8 (*Exemptions*).

Item 6: Pre-Approval Policies and Procedures

The Audit Committee has not adopted formal policies and procedures for the engagement of non-audit services. Subject to the requirements of the NI 52-110, the engagement of non-audit services is considered by, as applicable, the Board and the Audit Committee, on a case by case basis.

Item 7: External Auditor Service Fees (By Category)

The following table sets out the aggregate fees charged to the Company by the external auditor in each of the last three financial years for the category of fees described.

	FYE Dec. 31, 2020	FYE Dec. 31, 2019	FYE Dec. 31, 2018
Audit Fees ⁽¹⁾	\$157,757	\$47,250	\$57,750
Audit-Related Fees ⁽²⁾	\$7,431	\$10,500	Nil
Tax fees ⁽³⁾	\$17,367	\$4,200	\$9,450
All Other Fees ⁽⁴⁾	Nil	Nil	Nil
Total Fees:	\$182,555	\$61,950	\$67,200

- (1) "Audit fees" include aggregate fees billed by the Company's external auditor for audit fees. For 2019, the external auditors have unbilled work of approximately US\$41,000 for audit work performed in Mexico.
- (2) "Audited related fees" include the aggregate fees billed for assurance and related services by the Company's external auditor that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under "Audit fees" above. The services provided include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax fees" include the estimated aggregate fees billed for professional services rendered by the Company's external auditor for tax compliance, tax advice and tax planning. The services provided include tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All other fees" include the aggregate fees billed for products and services provided by the Company's external auditor, other than "Audit fees", "Audit related fees", and "Tax fees" above

Item 8: Exemption

During the most recently completed financial year, the Company relied on the exemption set out in Section 6.1 of NI 52-110 with respect to compliance with the requirements of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*).

SCHEDULE E
FORM 58-101F2
CORPORATE GOVERNANCE DISCLOSURE
(VENTURE ISSUERS)

Item 1: Board of Directors

The board of directors of the Company (the “**Board**”) supervises the CEO and the CFO. Both the CEO and CFO are required to act in accordance with the scope of authority provided to them by the Board.

Director	Independence
Taj Singh	Not independent, as he is the President and CEO of the Company
Mark O’Dea	Independent
Murray John	Independent
Jesus Miguel Hernandez-Garza	Not independent, as he is party to the Puerto Rico Option (see <i>Interest Of Informed Persons In Material Transactions</i> in the Management Information Circular to which this Schedule E is attached)
Jeff Parr	Independent
Moirra Smith	Independent
Daniel Vickerman	Independent
Vic Chevillon	Independent
Jennifer Wagner	Independent

Item 2: Directorships

The following directors of the Company are also currently directors of the following reporting issuers

Director	Name of Reporting Issuer
Taj Singh	None
Mark O’Dea	Liberty Gold Corp. Pure Gold Mining Inc. Northwest Copper Corp. (<u>formerly Sun Metals Corp.</u>)
Murray John	Osisko Gold Royalties Ltd. O3 Mining Inc. Prime Mining Corp.
Jesus Miguel Hernandez-Garza	None
Jeff Parr	Kirkland Lake Gold Ltd.
Moirra Smith	None
Daniel Vickerman	Blackrock Silver Corp.
Vic Chevillon	None
Jennifer Wagner	Generation Mining Limited

Item 3: Orientation and Continuing Education

The Board does not have a formal process for the orientation of new Board members. Orientation is done on an informal basis. New Board members are provided with such information as is considered necessary to ensure that they are familiar with the Company's business and understand the responsibilities of the Board.

The Board does not have a formal program for the continuing education of its directors. The Company expects its directors to pursue such continuing education opportunities as may be required to ensure that they maintain the skill and knowledge necessary to fulfill their duties as members of the Board. Directors can consult with the Company's professional advisors regarding their duties and responsibilities, as well as recent developments relevant to the Company and the Board.

Item 4: Ethical Business Conduct

The Board has adopted a formal Code of Conduct. In the Board's view, the fiduciary duties placed on individual directors by corporate legislation and the common law, and the restrictions placed by corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest, have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

The Company has adopted a number of policies promoting an ethical business culture, including a Code of Business Conduct & Ethics (the "**Code**"), and an Anti-Bribery and Anti-Corruption Policy. This Code embodies the commitment of the Company and any subsidiaries to conduct its business in accordance with all applicable laws, rules, and regulations and high ethical standards. Directors and Officers of the Company are encouraged to conduct themselves and the business of the Company with the utmost honesty and integrity. Directors are also encouraged to consult with the Company's professional advisors with respect to any issues related to ethical business conduct.

Item 5: Nomination of Directors

The identification of potential candidates for nomination as directors of the Company is carried out by all directors, who are encouraged to participate in the identification and recruitment of new directors. Potential candidates are primarily identified through referrals by business contacts.

Item 6: Compensation

The compensation of directors and the CEO is determined by the Compensation Committee. Such compensation is determined after consideration of various relevant factors, including external third-party reports, the expected nature and quantity of duties and responsibilities, past performance, comparison with compensation paid by other issuers of comparable size and nature, and the availability of financial resources.

Item 7: Other Board Committees

The Board does not have any standing committees other than the Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee, and Health, Safety, and Sustainability Committee. The function of the Health, Safety, and Sustainability Committee is to assist the Board in fulfilling its oversight responsibilities relating to monitoring sustainable development practices, and the development and implementation of any environmental, health, and safety policies of the Company.

Item 8: Assessments

The Board has established a Nominating and Corporate Governance Committee whose function, in part, is to assess the effectiveness of the Board, its committees, or individual directors. In addition, each standing committee of the Board (as noted above) has its own charter, each of which requires an annual self-assessment to ensure the committee is properly functioning according to its charter. Such assessments are done on an informal basis by the CEO and the Board as a whole.

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