NATIONAL INSTRUMENT 43-101 TECHNICAL REPORT

MINERAL RESOURCE UPDATE OF THE CORDERO SILVER PROJECT CHIHUAHUA STATE, MEXICO

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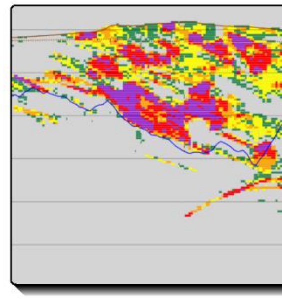

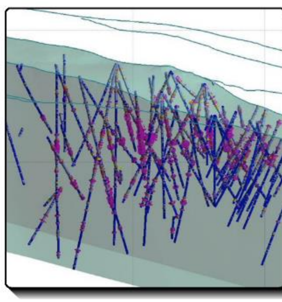

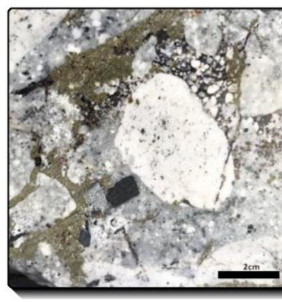

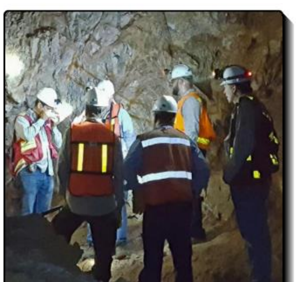

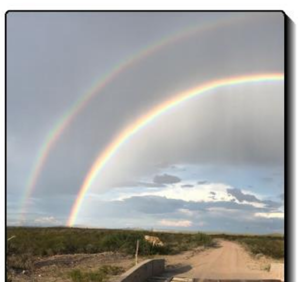

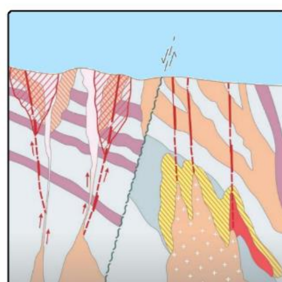

Prepared on behalf of:

Discovery Silver Corp.

Effective Date:

October 20, 2021

CERTIFICATES OF QUALIFIED PERSONS

Nadia M. Caira

a) I, Nadia M. Caira, am the sole owner and President of World Metals Inc., with an office address of 5711 Back Valley Rd, 100 Mile House, British Columbia, Canada V0K 2E1.

b) This certificate applies to the report entitled "Mineral Resource Update of the Cordero Silver Project, Chihuahua State, Mexico" with an effective date of October 20, 2021.

c) I hold the following academic qualifications: Bachelor of Science (B.Sc.) in Geology from the University of British Columbia, and a Master of Geographic Information Systems (M.GIS.) from Pennsylvania State University.

   I have worked as a geologist for 41 years since graduation from the University of British Columbia in 1981. My relevant experience for the purpose of this Technical Report includes extensive experience with exploration for, and evaluation of, epithermal precious metal and porphyry and porphyry-related mineralization throughout the world, including but not limited to Canada, United States, Mexico, Southeast Asia, Central Asia and South America.

   - 1988 to 1992 – Hunter Dickinson Group, BC - Senior geologist/site manager porphyry Cu-Au discoveries.
   - 1992 to 1995 – Teck Cominco, Central Asia - Senior geologist evaluation of porphyry and porphyry-related targets.
   - 1995 to 2002 – Newcrest Mining Limited, Southeast Asia – District Geologist exploration and evaluation of epithermal, porphyry- and porphyry-related deposits.
   - 2002 to present – Consultant for various junior mining companies on epithermal, porphyry- and porphyry-related targets.

   I have been a registered practising member of the Association of Professional Engineers and Geoscientists of British Columbia since 1993 (License No. 19770).

   I meet all the education, work experience and professional registration requirements of a "Qualified Person" as defined in Section 1.1 of National Instrument 43-101.

d) I last visited the Cordero project site for 17 days, ending on November 12, 2021.

e) I am solely responsible for Sections 4 through 12 and Section 25 of this Technical Report, and jointly responsible for the recommendations in Section 26, and for the references in Section 27.

f) I am independent of the issuer and owner of the property, Discovery Silver Corp.

g) I have worked as a consulting geologist on the Cordero Project since 2019.

h) I have read National Instrument 43-101; the parts of this Technical Report for which I am responsible have been prepared in compliance with this Instrument, including the CIM Definition Standards on Mineral Resources and Mineral Reserves.

i) At the effective date of the Technical Report, to the best of my knowledge, information, and belief, the parts of the Technical Report for which I am responsible contain all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.

Signed and sealed in 100 Mile House, British Columbia, Canada, on December 6, 2021.

/s/ "Nadia M. Caira"

Nadia M. Caira (B.Sc., M.GIS, P.Geo.)

Tommaso Roberto Raponi

I, *Tommaso Roberto Raponi, P. Eng.*, certify that I am employed as a *Principal Metallurgist* with Ausenco Engineering Canada Inc. (Canada), ("Ausenco"), with an office address of *Suite 1550 - 11 King St West, Toronto, ON M5H 4C7*. This certificate applies to the technical report titled "Mineral Resource Update of the Cordero Silver Project, Chihuahua State, Mexico" that has an effective date of October 20, 2021 (the "Technical Report").

I graduated from the University of Toronto with a Bachelor of Applied Science degree in Geological Engineering, with specialization in Mineral Processing in 1984. I am a Professional Engineer registered with the Professional Engineers Ontario (No. 90225970), Engineers and Geoscientists British Columbia (No. 23536) and NWT and Nunavut Association of Professional Engineers and Geoscientists (No. L4508) and with OIQ (OIQ temporary permit No. 6043399). I have practiced my profession continuously for over 37 years with experience in the development, design, operation and commissioning of mineral processing plants, focusing on gold projects, both domestic and internationally.

I have read the definition of "Qualified Person" set out in the National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") and certify that by virtue of my education, affiliation to a professional association and past relevant work experience, I fulfill the requirements to be a "Qualified Person" for those sections of the Technical Report that I am responsible for preparing.

I have not visited the Cordero Silver Project. I am responsible for Section 13 of the Technical Report.

I am independent of *Discovery Silver Corp.* as independence is defined in Section 1.5 of NI 43-101. I have had no previous involvement with the Cordero Silver Project.

I have read NI 43-101 and the sections of the Technical Report for which I am responsible have been prepared in compliance with that Instrument. As of the effective date of the Technical Report, to the best of my knowledge, information and belief, the sections of the Technical Report for which I am responsible contain all scientific and technical information that is required to be disclosed to make those sections of the Technical Report not misleading.

Dated: December 6, 2021

"Original Signed and sealed"

Tommaso Roberto Raponi (P. Eng.)

R. Mohan Srivastava

a) I, R. Mohan Srivastava, am a geostatistician specializing in mineral resource estimation, with my office at #1100 – 120 Eglinton Avenue East, Toronto, Ontario, Canada M4P 1E2.

b) This certificate applies to the report entitled "Mineral Resource Update of the Cordero Silver Project, Chihuahua State, Mexico" with an effective date of October 20, 2021.

c) I hold the following academic qualifications: a B.Sc. in Earth Sciences from the Massachusetts Institute of Technology, and an M.Sc. in Geostatistics from Stanford University.

   I have worked as a geostatistician and resource estimation specialist since graduation from university in 1979. My relevant experience for the purpose of this Technical Report includes:

   - 1979 to present – Consulting geostatistician specializing in mineral resource estimation, reviews and audits for mining projects in their exploration and development phases, including precious and base metals projects in Mexico.
   - 2016 to present – Vice President of TriStar Gold Inc., responsible for field programs and technical studies including: drilling, petrophysics, QA/QC of analytical laboratories, mineral resource estimation and quantitative risk assessment.

   I have been a Practising Member (#0547) of the Professional Geoscientists of Ontario continuously since 2003.

   I meet all of the education, work experience and professional registration requirements of a "Qualified Person" as defined in Section 1.1 of National Instrument 43-101.

d) I have not visited the Cordero project site.

e) I am solely responsible for Sections 1 through 3, Sections 14 through 23 and 24 of this Technical Report, and jointly responsible for the recommendations in Section 26, and the references in Section 27.

f) I am independent of the issuer and owner of the property, Discovery Silver Corp.

g) I have worked on the Cordero Project since 2020, assisting with mineral resource estimates.

h) I have read National Instrument 43-101; the parts of this Technical Report for which I am responsible have been prepared in compliance with this Instrument, including the CIM Definition Standards on Mineral Resources and Mineral Reserves.

i) At the effective date of the Technical Report, to the best of my knowledge, information, and belief, the parts of the Technical Report for which I am responsible contain all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.

Signed and sealed in Toronto, Ontario, Canada, on December 6, 2021.

/s/ "R. Mohan Srivastava"

R. Mohan Srivastava (B.Sc., M.Sc., P.Geo.)

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AA	Atomic Absorption
AAS	Atomic Absorption Spectroscopy
ActLabs	Activation Laboratories Ltd
Ai	Abrasion Index
Ag	Silver
AgEq	Silver Equivalent
ALS	ALS Laboratories
asl	Above Sea Level
ASTER	Advanced Spaceborne Thermal Emission and Reflection Radiometer
Au	Gold
BBWI	Bond Ball Work Index
BRX	Breccia
BV	Bureau Veritas Commodities Canada Ltd.
C	Celsius
CFZ	Cordero Fault Zone
CIM	Canadian Institute of Mining, Metallurgy and Petroleum
cm	Centimetres
Cpy	Chalcopyrite
CRM	Certified Reference Material
CSV	Comma Separated Values
Cu	Copper
DMS	Dense Media Separation
DSV	Discovery Silver Corp.
E-type IS	Extension-Type Intermediate Sulphidation
EM	Electromagnetic
ENE	East-Northeast
EOAS-UBC	UBC Department of Earth, Ocean and Atmospheric Sciences
G&A	General and Administrative
GPS	Global Positioning System
g/t	Grams per Tonne
g/l	Grams per Litre
ha	Hectares
HG	High-Grade
IBX	Intrusive Breccia
ICP-AES	Inductively Coupled Plasma - Atomic Emission Spectroscopy
ID*	Inverse Distance to a power
IMC	Independent Mining Consultants
IP	Induced Polarization

IS	Intermediate Sulphidation
ISO	International Organization for Standardization
JV	Joint Venture
K	Potassium
kg	Kilograms
km	Kilometres
Koz	Thousands of Troy Ounces
kWh/t	Kilowatt Hour per Tonne
lb	Pound
LCT	Locked Cycle Test
LS	Low Sulphidation
m	Metres
M3	M3 Engineering and Technology Corporation
Ma	Millions of years ago
MC	Master Composite
ME	Multi-Element
MFTB	Mexican Fold and Thrust Belt
MIBC	Methyl Isobutyl Carbinol
Mlb	Million Pounds
µm	Microns
mm	Millimetres
Moz	Millions of Troy Ounces
MRE	Mineral Resource Estimate
MSB	Mexican Silver Belt
Mt	Millions of tonnes
N	North
NAD	North American Datum
NE	Northeast
NI 43-101	National Instrument 43-101
NNE	North-Northeast
NNW	North-Northwest
NSR	Net Smelter Revenue
NW	Northwest
OREAS	Ore Research & Exploration Pty Ltd
oz	Troy Ounces
Pb	Lead
PEA	Preliminary Economic Assessment
PFS	Preliminary Feasibility Study
pH	Potential of Hydrogen
ppb	Parts per Billion

ppm	Parts per Million
Py	Pyrite
QA/QC	Quality Assurance/Quality Control
QEMSCAN	Quantitative Evaluation of Materials by Scanning Electron Microscopy
QP	Qualified Person
Re-Os	Rhenium–osmium dating
ROM	Run of Mine
SAG	Semi-Autogenous Grinding
Se	Selenium
SEDS	Sedimentary
SG	Specific Gravity
SMC	Steve Morrell Comminution
SW	Southwest
t	Tonne
TMS	Terra Mineralogical Services
TSX	Toronto Stock Exchange
U-Pb	Uranium–Lead Dating
US or USA	United States of America
US$	US dollars [Note: all currencies in this document are expressed in US$]
UTM	Universal Transverse Mercator
WNW	West-Northwest
wt%	Percentage by Weight
XRF	X-Ray Fluorescence
XRT	X-Ray Transmission
Zn	Zinc

1. SUMMARY

Property Description and Ownership

Cordero is a silver deposit owned by Discovery Silver Corp. (Discovery) that lies in northern Mexico, in the south of the state of Chihuahua, approximately 600 km from the border with the United States (Figure 1.1).

Figure 1.1 Location of the Cordero Project in southern Chihuahua State, Mexico.

In addition to silver, the Cordero deposit has other base and precious metals of economic interest: lead, zinc, and gold. As shown in Figure 1.2 below, the precious metals account for slightly more than half of the in-situ value and the base metals account for slightly less than half.

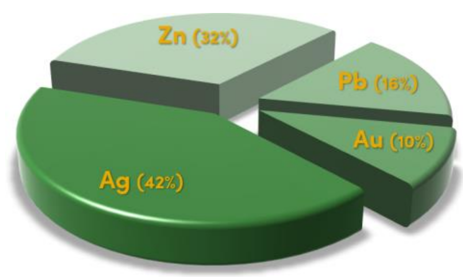


Figure 1.2 Contribution of the metals of economic interest to in-situ value.

The deposit lies in a region that has a long history of silver mining, dating back to the 1600s. In the hills where the Cordero deposit lies, there are several small silver mines that worked rich silver veins that reached the surface. In the past two decades, the possibility of a large bulk-mining target at depth at Cordero was developed and tested through drilling done by Levon. Since 2019, when Discovery acquired the project in a merger with Levon, drilling has continued, with a focus on high-grade zones at depth, well below the reach of the small-scale historical mines, but within the reach of a modern industrial open-pit operation.

Geology and Mineralization

Regionally, Cordero lies in an area where the sedimentary rocks of the Eastern Basin and Range geological province of Mexico meet the volcanic rocks of the Sierra Madre Occidental province. Locally, the rocks on the Cordero property are a mixture of sedimentary rocks and igneous rocks. There are three major belts of intrusions that cut across the property, all running southwest to northeast, parallel to the largest faults in the area, as shown in Figure 1.3.

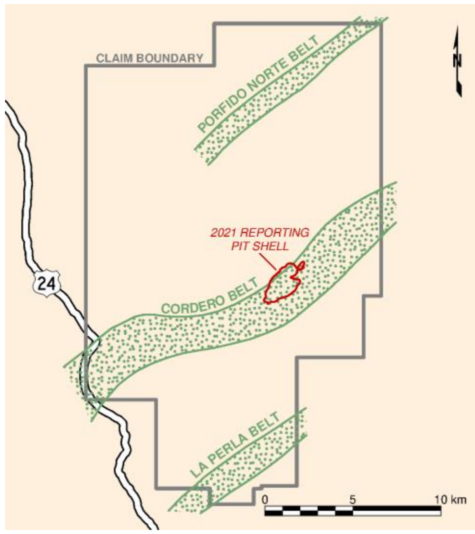


Figure 1.3 Schematic of the major magmatic belts that cross the Cordero property.

The area that has been the focus of drilling in the past decade, and where the current resources lie, is a felsic domal feature that makes the distinctive hill in the central band of intrusions. This felsic intrusive complex straddles the Cordero Fault and lies between two normal faults that stair-step the sedimentary and intrusive host rock units down to the southwest (Figure 1.4). To the northeast of the felsic domal feature, across the Mega Fault, lies the La Ceniza, a series of rhyodacite intrusion with skarn mineralization where some historical small-scale mining occurred. To the southwest lies Pozo de Plata, a breccia complex where gold grades run higher. All of the intrusions are associated with breccias that often host strong mineralization.

The conceptual model for the genesis of mineralization at Cordero is shown in Figure 1.5. Mineralized fluids sourced from a deep intrusion moved up faults and fractures, percolating out into the surrounding rock. In places, fractures became the host for strongly mineralized veins which altered adjacent rocks, creating moderate to strong mineralization in the wall-rock. Mineralizing fluids were able to penetrate the host rocks away from open fractures, traveling through thin cracks and through the fracture-induced permeability of the rhyodacite and the connected porosity of the sedimentary host rock. The disseminated lower-grade mineralization extends several hundred metres from the major faults, and often has a disseminate and stockwork-style, with small veinlets crisscrossing to form an inter-connected network.

In the high-grade zones that are dominated by veins and their associated alteration halos, metal grades are continuous in directions parallel to steeply-dipping SW-NE faults.

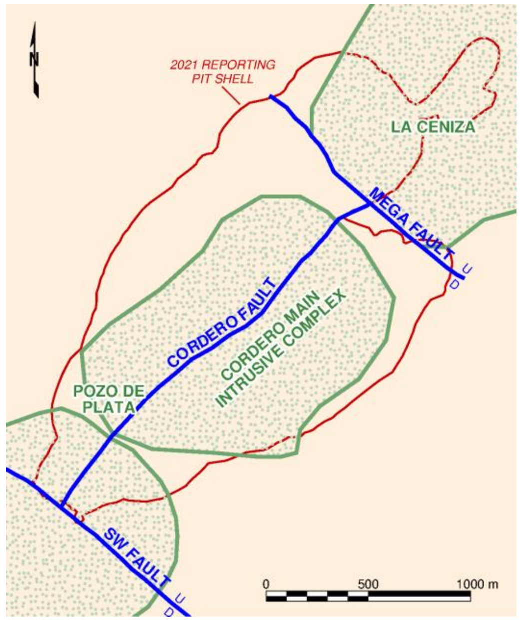


Figure 1.4 Intrusions and major faults in the area where mineral resources have been estimated.

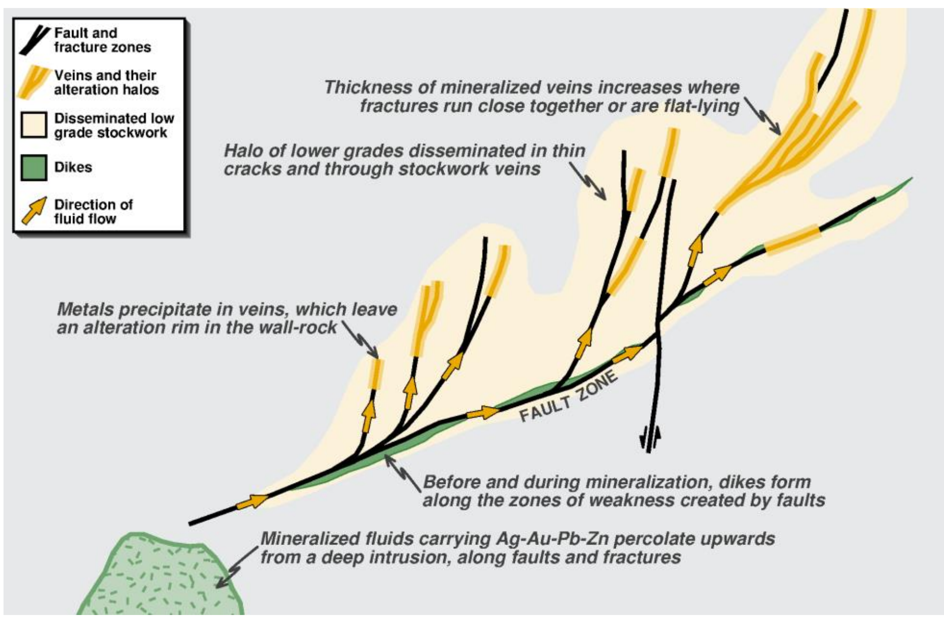


Figure 1.5 Conceptual model of genesis of mineralization in map view (adapted from [1]).

The precious and base metal mineralization is strongly associated with sulphide minerals: pyrite, galena, sphalerite, and chalcopyrite. Weathering has created a near-surface oxide layer, up to 40m thick in places, where sulphide minerals are generally absent, and where the precious metals, Ag and Au, have higher grades.

Cordero has characteristics of several different deposit types. Much of it is similar to an extensional (E-type) intermediate sulphidation epithermal system on the shoulder of a buried porphyry molybdenum deposit that formed in a subduction-related rift setting. Parts of Cordero resemble the carbonate-hosted Pb-Zn (Ag, Cu, Au) deposits further north in Chihuahua State. In the northeast of the resource modeling area, Cordero is dominated by skarn styles which occur in carbonate-hosted Pb-Zn (Ag, Cu, Au) deposit types in which grades were enhanced immediately adjacent to the underlying La Ceniza Intrusive Complex as well as in the adjoining intrusive complex to the southwest.

Status of Exploration

Exploration for a deep bulk-mining target at Cordero began with the work of Valley High Ventures Ltd with mapping and rock sampling at the surface, gridded soil sampling, trenching, inspection of accessible underground workings, and relogging of existing drill core from the previous owner, Industrias Peñoles.

Starting in 2009, Levon continued surface reconnaissance and began drilling, and commissioned several air and ground-based geophysical surveys: gravity, induced polarization, magnetic, electro-magnetic, magneto-telluric, and radiometric. Most of Levon's exploration work focused on the central belt which hosts the principal target of the current resource estimates, the Cordero intrusive complex. During the decade of their ownership of the project, Levon drilled a total of 292 diamond drill holes with a combined total length of 133,620 m.

Since it acquired the project in 2019, Discovery has extended surface reconnaissance to cover other exploration targets identified by geophysics along the same central trend of intrusions that have hydrothermally altered rocks above them: Molino do Viento and Dos Mil Diez to the southwest of the main Cordero target, and Sansón to the northeast. By July 2021, Discovery had drilled an additional 225 diamond drill holes with a combined total length of 97,522 m. Surface reconnaissance and exploration ahead of drill targeting continue.

Project Development

Discovery has consolidated the metallurgical test work performed by Levon, and in 2021 commissioned a new round of metallurgical studies to address the fact that the sulphide and oxide mineralization at Cordero are amenable to different process flowsheets: flotation for the sulphides and heap leaching for the oxides.

Discovery has also formulated its own strategy for developing a mine at Cordero, one that envisions a phased approach: a first phase that focuses on high-grade zones, followed by a second phase that expands into adjacent zones where the grades are generally lower, but still moderate to high. A Preliminary Economic Assessment (PEA) of this strategy began in the summer of 2021, once the new metallurgical studies had been done.

The project has operated under an Environmental Protection Plan filed with the government that describes the reclamation procedures that will be required when exploration activities are completed. Environmental and social baseline studies have been completed for the project, and a study of surface and ground-water is currently underway.

Mineral Resource and Mineral Reserve Estimates

The new resource estimate for Cordero incorporates geological and structural domains based on lithological and structural controls that are better understood through recent drilling.

Ordinary kriging was used to interpolate Ag, Pb, Zn and Au grades into blocks and sub-blocks, using variogram models based on pairwise relative experimental variograms for the analysis of spatial continuity.

Resource classification was based on block-by-block metrics that relate to the proximity of nearby data. An optimized pit shell further constrains the reported mineral resource to fulfil the requirement for "reasonable prospects for eventual economic extraction".

The mineral resource is split into sulphide and oxide portions. Since silver, lead, zinc, and gold all contribute to revenue, a net-smelter-return (NSR) is calculated as the net revenue from metal sales (taking into account metallurgical recoveries and payabilities) minus treatment costs and refining charges. Different NSR cutoffs are used for the sulphide and oxide mineralization since different processing options, with different costs, are appropriate for each type of mineralization.

Sulphide mineralization is categorized as all mineralization that is located beneath the oxide/transition boundary; it extends to depths of more than 800 m below surface. The $7.25/t NSR reporting cutoff used for sulphide mineralization is based on the estimated processing and G&A cost for standard flotation processing of this material.

Table 1.1 Sulphide mineral resources for the Cordero Project, with an effective date of October 20, 2021, above an NSR cutoff of $7.25/t and within a reporting pit shell.

CLASS	TONNAGE *(Mt)*	GRADE Ag *(g/t)*	Au *(g/t)*	Pb *(%)*	Zn *(%)*	AgEq *(g/t)*	CONTAINED METAL Ag *(Moz)*	Au *(Koz)*	Pb *(Mlb)*	Zn *(Mlb)*	AgEq *(Moz)*
Measured	128	22	0.08	0.31	0.52	**52**	89	328	881	1,470	**212**
Indicated	413	19	0.05	0.28	0.51	**47**	255	707	2,543	4,663	**625**
Meas. & Ind.	**541**	**20**	**0.06**	**0.29**	**0.51**	**48**	**344**	**1,035**	**3,424**	**6,132**	**837**
Inferred	**108**	**14**	**0.03**	**0.19**	**0.38**	**34**	**49**	**99**	**451**	**909**	**119**

Notes:

- AgEq for Sulphide Mineral Resources is calculated as Ag + (Au x 16.07) + (Pb x 32.55) + (Zn x 35.10); these factors are based on commodity prices of Ag – $24.00/oz, Au – $1,800/oz, Pb – $1.10/lb, Zn – $1.20/lb and assumed recoveries of Ag – 84%, Au – 18%, Pb – 87% and Zn – 88%.
- The tabulated grades and metal contents are in situ estimates, and do not include factors such as external dilution, mining losses and process recovery losses. As such, these are mineral resources, not mineral reserves, and do not have demonstrated economic and technical viability
- Discovery is not aware of any environmental, permitting, legal, title, taxation, socio-economic, marketing, or political factors that might materially affect the development of these mineral resource estimates.
- The tabulated numbers have been rounded to reflect the level of precision appropriate for the estimates, and may appear to sum incorrectly due to rounding.

Oxide mineralization lies above the oxide/transition boundary, where the material is weathered (oxide) or partially weathered (transition). The depth of the oxide zone varies across the deposit from approximately 20 m in the Pozo de Plata zone to depths of 100m along some fault zones in areas of the South Corridor and in the far northeast of the deposit. The $4.78/t NSR reporting cutoff used for oxide mineralization is based on the estimated processing and G&A cost for heap leaching this material. Since heap leaching will not recover lead and zinc, these are not reported for the oxide mineral resources.

Table 1.2 Oxide mineral resources for the Cordero Project, with an effective date of October 20, 2021, above an NSR cutoff of $4.78/t and within a reporting pit shell.

		GRADE			CONTAINED METAL			
CLASS	**TONNAGE** ***(Mt)***	**Ag** *(g/t)*	**Au** *(g/t)*	**AgEq** *(g/t)*	**Ag** *(Moz)*	**Au** *(Koz)*	**AgEq** *(Moz)*	**%OXIDE / %TRANSITION**
Measured	23	20	0.06	**25**	15	43	**19**	**92% / 8%**
Indicated	75	19	0.05	**23**	45	125	**56**	**87% / 13%**
Meas. & Ind.	**98**	**19**	**0.05**	**23**	**60**	**168**	**74**	**88% / 12%**
Inferred	**35**	**16**	**0.04**	**20**	**18**	**44**	**22**	**63% / 37%**

Notes:

- AgEq for oxide/transition mineral resources is calculated as Ag + (Au x 87.5); this factor is based on commodity prices of Ag – $24.00/oz and Au – $1,800/oz and assumed heap leach recoveries of Ag – 60% and Au – 70%.
- The tabulated grades and metal contents are in situ estimates, and do not include factors such as external dilution, mining losses and process recovery losses. As such, these are mineral resources, not mineral reserves, and do not have demonstrated economic and technical viability.
- Discovery is not aware of any environmental, permitting, legal, title, taxation, socio-economic, marketing, or political factors that might materially affect the development of these mineral resource estimates.
- The tabulated numbers have been rounded to reflect the level of precision appropriate for the estimates and may appear to sum incorrectly due to rounding.

Conclusions and Recommendations

With the new current resource estimate presented in this report, the Cordero Project is one of the largest undeveloped silver resources, both within Mexico and globally, and warrants advancement to the next milestone study, the Preliminary Economic Assessment.

Although there are many different styles of mineralization in the area covered by resource modeling, these are well understood through drilling, logging, and 3D geological modeling. The resource estimates are well constrained by geological domains and by directions of maximum continuity that reflect the dominant control: the major SW-NE Cordero and parallel faults.

With the in-fill drilling done by Discovery since 2019, most of the mineral resource can now be classified as Measured and Indicated, with a reasonable expectation that much of the Inferred resource could eventually be drilled at a similar density and be classified in a higher confidence category in future resource updates. The mineral resources do not yet include mineralization on many of the other well-mineralized targets that lie adjacent to the current resources in the same belt of intrusions, and that lie elsewhere on the Cordero mineral concessions.

The principal recommendations from this report are:

<u>Exploration and drilling</u>

1) Do definition drilling to the northeast of the current resource area, using both in-fill and step-out holes.

2) Drilling the most promising of the exploration targets outside the footprint of the current resource block model.

3) Do 3D induced polarization geophysical surveys over Porfido Norte and the La Perla target in the south.

4) Do a property-wide radiometric survey so that areas not covered by the 2010 radiometric survey can take advantage of the strong correlation between potassium anomalies and favourable mineralization.

Metallurgical characterization

5) Conduct additional comminution tests to further expansion of the comminution data base is recommended for development of a robust comminution model and grinding circuit design. This will improve future analysis of power requirements and equipment selection.

6) Optimization of concentrate regrind sizing is required. Only limited testwork was been conducted to date and specific energy consumption testwork was not included.

7) Further investigation between the impact of depressant dosages and silver recovery to the lead-silver concentrate is recommended. Operating at lower depressant dosages would likely lead to higher silver recovery to the lead-silver concentrate where payment terms are more favourable.

8) Ore sorting and/or Dense Media Separation testwork should be further undertaken to determine the response of the low-grade stockpile material to preconcentration.

9) Further expansion of the variability flotation data base is recommended and testwork on higher grade production composites is required to allow for the development of robust head grade vs. recovery models.

10) No dewatering testwork (dynamic thickener tests and concentrate filtration) has been conducted to date and is recommend as part of the studies for the PFS.

11) Additional column leach testing is required to provide more robust recovery data for the oxide/transition zones of mineralisation. Samples should include the anticipated average oxide silver and gold grades and samples near the cutoff grade and the maximum annual grades. Testing should further address the impact of crush size on recovery.

12) The use of 4 kg testwork charges for flotation testwork should be considered as standard going forward, especially for the low head grade samples.

Mineral resources

13) Future resource updates should continue to explore the use of geological logging information to assist with the separation of the structural domains into their high-grade and low-grade sub-domains.

14) The impact of the low bias in Pb and Zn assays done with an aqua regia digest in 2013 and 2014 should be assessed so that it can be quantified. It is likely that the impact is very small; but as the project approaches feasibility studies, it would be useful to know the impact of this.

15) Two small crosses of closely spaced drill holes, at approximately 10 m spacing, should be drilled in one of the high-grade zones and one of the low-grade zones to improve the understanding of short-scale continuity. This will assist the analysis and interpretation of

spatial continuity for future resource estimation studies and will provide useful information for planning a grade control system.

16) In-fill drilling should continue, both in areas of current Inferred resources where confidence could be improved to Indicated, and in areas of current Indicated resources where confidence could be improved to Measured. By the time the project reaches its Preliminary Feasibility Study, it is prudent to have the majority of the mineral resources in the pay-back period drilled to the level of Measured confidence.

The QPs have estimated that the total cost of implementing all of these recommendations will be slightly less than US$ 11,000,000, including a 15% contingency. Section 26 of this report provides a detailed breakdown of the costs of the recommendations in different areas.

2. INTRODUCTION

Issuer

This report on the Cordero Project is prepared for the project's owner, Discovery Silver Corp. (Discovery), which trades on the TSX Venture Exchange under the symbol DSV.

Terms of Reference and Purpose

When it acquired the Cordero Project from Levon in 2019, Discovery's development strategy has been to develop a phased approach to mining, beginning with a low CapEx operation that focuses on the high-grade zones and that is able to expand into zones with lower grades in later years. In 2021, it completed metallurgical testwork that supports the study of process options that are being optimized for the separate processing of oxide and sulphide material.

The purpose of this Technical Report is to present the updated mineral resource estimate (MRE) that will be used in the upcoming PEA studies of the phased approach.

Sources of Information and Data

The sources of information for the new MRE are:

- data and documents provided by Levon
- data acquired by Discovery from its in-fill drilling programs through the end of July 2021
- a new 3D geological model developed by Discovery based on its improved understanding of the geological controls

Approximately 59% of the data in the project's drill hole data base was acquired by Levon; the remaining 41% was acquired by Discovery, with a focus on improving confidence in the high-grade zones. The new geological model incorporates structural and lithological controls identified by Discovery geologists, and enables resource estimation to separate high-grade zones from zones dominated by disseminated and stockwork mineralization that is lower in grade.

Personal Inspections

Of the three Qualified Persons who take responsibility for this Technical Report, the only one who has visited the Cordero Project site is Nadia M. Caira, the QP for geology, drilling, QA/QC and data verification. As a consulting geologist to the project, she has made several visits to Cordero since 2019, the most recent of which was in October and November of 2021; the details of the work done during this visit to the Cordero site are presented on pages 94-96 in Section 12 of this report.

3. RELIANCE ON OTHER EXPERTS

In Section 4 of this report, the authors rely on information contained in a letter from DBR Abogados [2] provided by Discovery Silver Corp. on the legal status of the mineral concessions. This letter describes due diligence work done at the General Bureau of Mines and at the Mining Public Registry within the Ministry of Economy to confirm that Minera Titán, S.A. de C.V. is the legal and beneficial holder of the rights derived from the concessions listed in Section 4 and Appendix A of this report. The information in this letter has not been independently verified by the authors.

Section 4 of this report summarizes agreements with landowners that secure surface access rights to the areas of the Cordero property where exploration activities occur. This information, which was provided by Discovery Silver Corp., has not been independently verified by the authors.

4. PROPERTY LOCATION AND DESCRIPTION

Property Location

The Cordero Property is situated in northern Mexico, in the southern part of the state of Chihuahua, approximately 35 km north of the town of Parral (Figure 4.1). The property is centered at 27° 16.62′ N latitude and -105° 36.21′ W longitude.

Figure 4.1 Location of the Cordero Property in Chihuahua State, Mexico.

Mineral Tenure and Permits

In Mexico, all mineral deposits are regarded as a national resource that belongs to the federal government. The use and exploitation of such national resources by private parties is only permitted under concessions granted by the federal government.

There is no distinction in Mexico between exploration and exploitation mining concessions. The Mining Law provides for mining concessions that allow the title holder to perform:

- Exploration works on the ground for the purpose of identifying mineral deposits and quantifying and evaluating economically usable reserves.
- Works to prepare and develop the area containing the mineral deposits.
- Exploitation works to remove and extract mineral products from mineral deposits.

Mining concessions are granted for a term of 50 years from the date of their registration in the Public Registry of Mining and can be renewed for another 50 years if the title holder request the extension within five years before the expiration date.

The fees owed to the federal government are updated annually under Article 59 of the Mining Regulations, and include a fixed fee according to the area covered by the concession and additional fees for each hectare, which rise over the course of the concession. Currently, the annual concession fee per hectare (or any hectare fraction) during exploration is:

- US$ 0.40 in the first and second year of validity;
- US$ 0.53 in the third and fourth year of validity;
- US$ 1.24 in the fifth and sixth year of validity;
- US$ 2.49 in the seventh and eighth year of validity;
- US$ 4.97 in the ninth and tenth year of validity; and
- US$ 8.75 from the tenth year onward.

In addition to paying the annual mining concession fees, the title holder is required to:

- Commence exploration or exploitation activities within 90 days of the concession being recorded with the Public Registry of Mining.
- Spend more than the annual fees on exploration, development or production.
- Comply with technical safety and environmental standards.
- Allow inspection visits from the Ministry of Economy, and provide them with statistical, technical and accounting reports in accordance with the Mining Regulations and the Mining Law.
- Provide the Mexican Geological Service with semi-annual reports of the works carried out and, once in production, with information on mineral production from the concessions.

During exploration, water permits are required, and the title holder must adhere to an environmental protection plan filed with the government.

All permits necessary for drilling and surface exploration activities at Cordero have been received and are in good standing.

Mining concessions do not confer direct surface property rights. Title holders are obliged to negotiate with the landowners for access rights and for any surface work they need to do, such as building roads or constructing a camp.

Mineral Concessions

The Cordero Property consists of the 26 titled mining concessions totaling 34,909 contiguous hectares owned by Minera Titán S.V. de C.V. Mexico (Titán), a wholly owned Mexican subsidiary of Discovery Silver Corp. These are tabulated in Table 4.1 and shown in Figure 4.2 and Figure 4.3. Competitors own one small claim that is situated outside the southern fringes of the La Perla prospect along the south margin of the property (the small grey rectangle shown on Figure 4.2). A detailed list of Minera Titán S.A. de C.V. mining concessions with expiry dates can be found in Appendix A at the back of this report.

Table 4.1 Mineral concessions owned by Titán.

CONCESSION NAME	TITLE CLAIM NUMBER	AREA *(ha)*
SAN OCTAVIO	165481	2.00
CORDERO	171994	218.87
ARGENTINA	179438	3.91
CATAS PLATEROS	177836	2.00
SERGIO	214655	9.82
EL SANTO JOB	213841	155.57
TODOS LOS SANTOS	238776	2.50
BERTA	182264	16.53
JOSEFINA	172145	6.08
LA UNIDAD	178498	78.30
LA UNIDAD II	212981	175.76
SANSÓN	230434	7,510.83
SANSÓN 1	231280	950.00
SANSÓN 2	231281	400.00
SANSÓN FRACC 1	228104	0.08
SANSÓN FRACC 2	218105	0.09
TITÁN I	235090	8,150.00
TITÁN II	241084	100.00
TITÁN	235089	1,700.00
PERLA	240461	400.00
AIDA	189299	16.00
SAN PEDRO	215161	1.94
SIGNOS	244600	3,756.62
OESTE	244605	3,695.03
OSTRA	246305	3,799.76
VOLCÁN	246016	3,757.15
		TOTAL: 34,908.83

Access agreements

Surface exploration rights for the Cordero claims are maintained by three separate signed and transferrable agreements between Titán, two private ranches (Rascón Agreements), and Rancho Cordero Ejido (Ejido Agreement). The two agreements with the private ranchers cover the central portion of the claims (Figure 4.4), including the site of the Titán exploration camp including sleeping quarters, the field office, and several drill core storage buildings. The Ejido Agreement covers the area within two kilometres southwest and west of the 2021 resource pit (Figure 4.4).

The Cordero access agreements and payment schedules are summarized in Table 4.2.

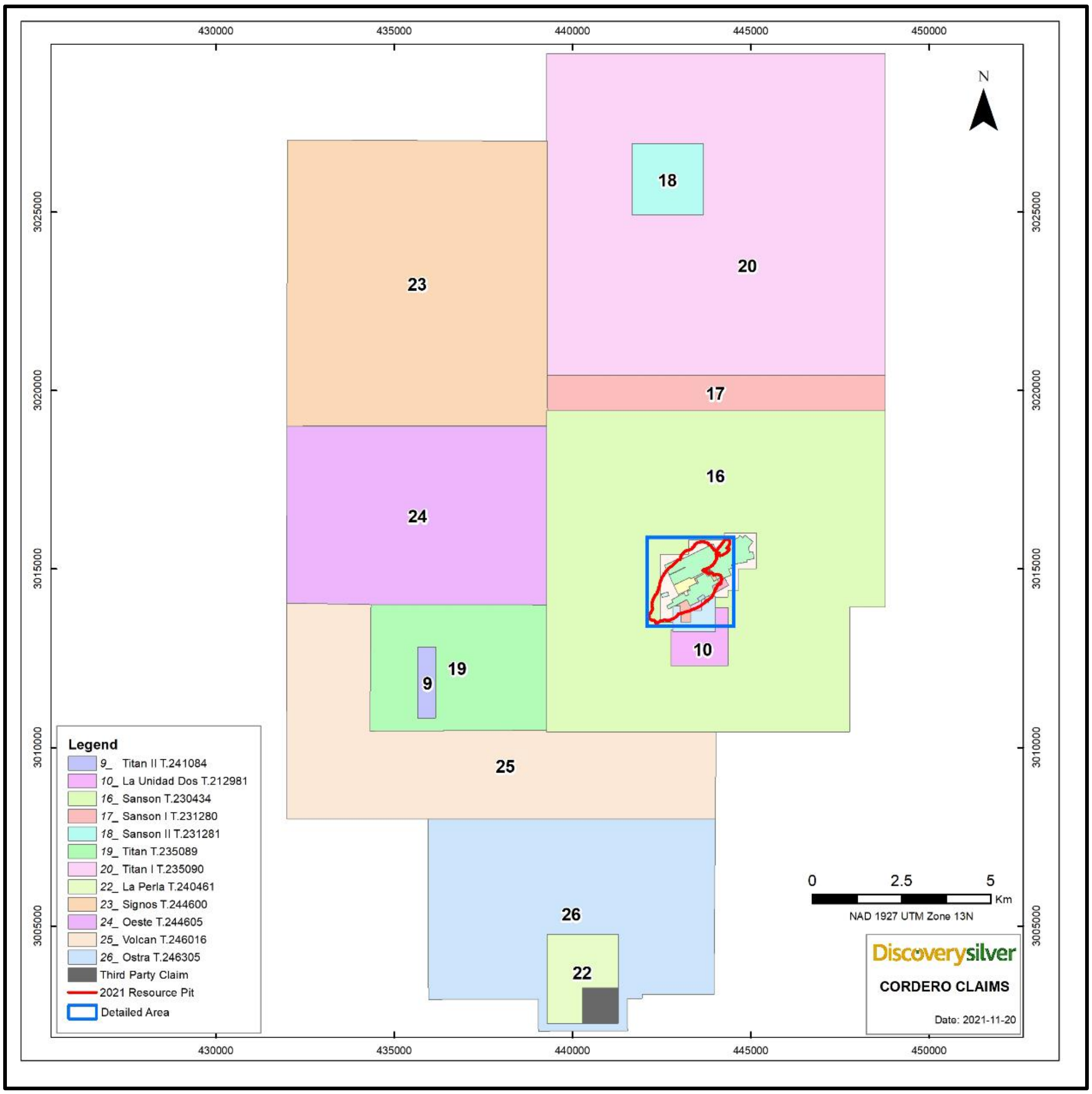


Figure 4.2 Cordero mining concessions and surface exploration rights.

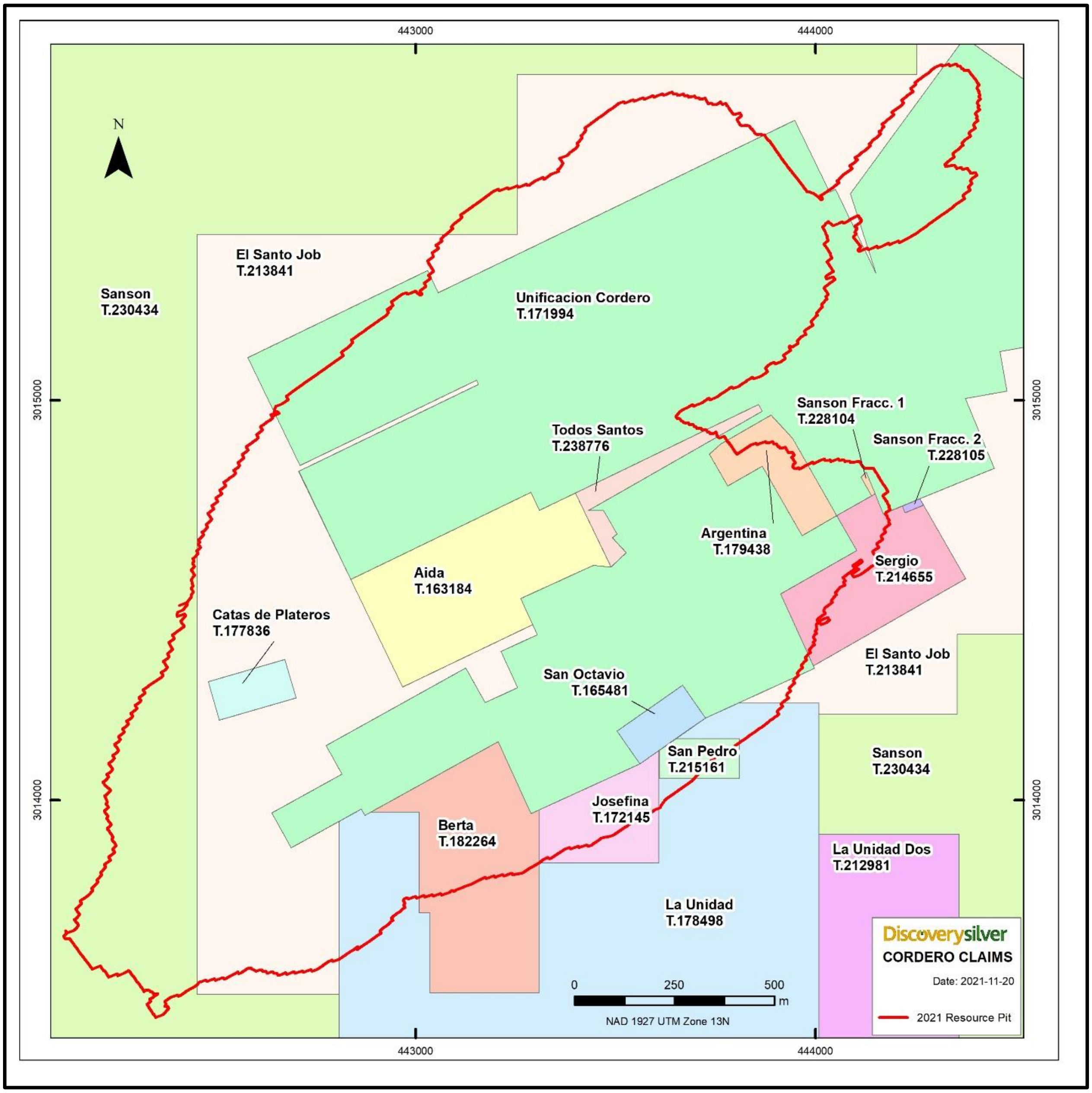


Figure 4.3 Cordero mining concessions and surface exploration rights in the immediate vicinity of the 2021 resource modeling area.

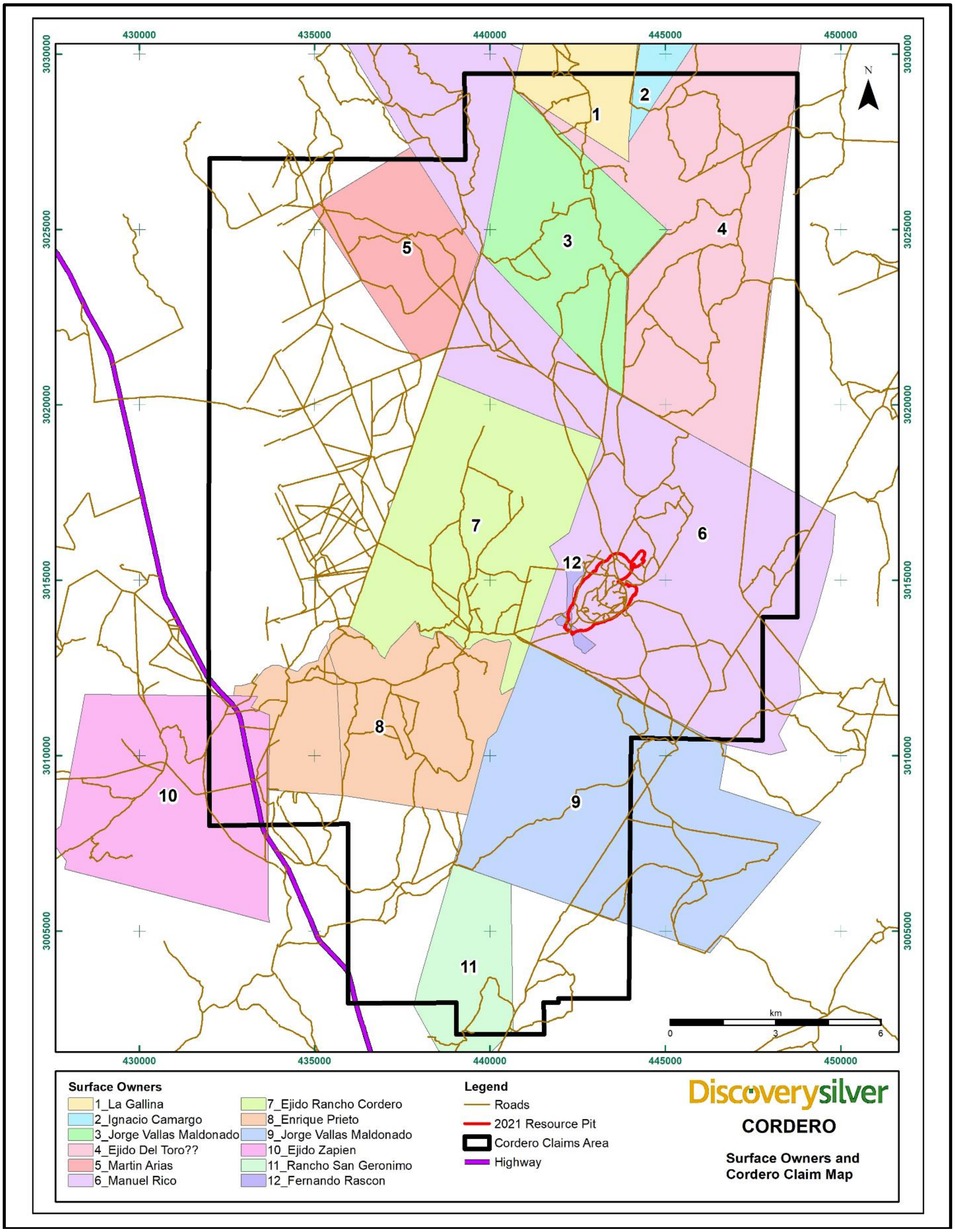


Figure 4.4 Areas covered by access agreements with landowners.

Table 4.2 Surface access agreements with local landowners.

Landowner	Company	Signature Date	Expiration Date	Payment Schedule	Notes
Ejido Rancho Cordero	Coro Minera de México, S.A. de C.V. Minera Titán, S.A. de C.V. (Titán)	October 25, 2010. **2021 extension signed**	December 31, 2021	Monthly, payable bi-monthly	When drilling, Titán pays a flat fee for each drill hole. In the case that roads are required, the fee doubles.
Rancho San Julián/Jose Alberto Rico Urbina	Titán	Renewed on January 2, 2014. 2021 extension signed	January 31, 2022	Annually, paid in 12 equal monthly payments	When drilling, Titán pays a flat fee for each drill hole. In the case that roads are required, the fee doubles.
Fernando Rascón Chavez. (Rancho San Juan)	Titán	April 24, 2012	The time required to carry out mining exploration work	(No payment for access)	Letter agreement. When drilling, Titán pays a flat fee for each drill hole. In the case that roads are required, the fee doubles.
Fernando Rascón (Lease of the core storage and field office-warehouse)	Titán	October 1, 2014. 2021 extension signed	December 31, 2021	Monthly	Monthly fee for core storage and field office facilities renewal. The fee is adjusted according to the Consumer Price Index.
Enrique Prieto Rancho Santa Teresa Temporary occupancy	Titán	October 2020	October 2030	Monthly	Molino de Viento Target. When drilling, Titán pays a flat fee for each drill hole. In the case that roads are required, the fee doubles.
Arturo Alvidrez Grado (Rancho San Geronimo) Temporary occupancy	Titán	April 2020	April 2031	Monthly	La Perla Target. When drilling, Titán pays a flat fee for each drill hole. In the case that roads are required, the fee doubles.
Jesus Francisco Alvidrez (Rancho San Geronimo) Temporary occupancy	Titán	April 2020	April 2031	Monthly	La Perla Target When drilling, Titán pays a flat fee for each drill hole. In the case that roads are required, the fee doubles.
Jorge Luis Valles Maldonado (San Julian Ranch & San Luis Ranch) Temporary occupancy	Titán	August 2021	August 2031	Monthly	Porfido Norte Target (San Luis Ranch) and Exploration Targets south of Cordero area (San Julian Ranch). When drilling, Titán pays a flat fee for each drill hole. In the case that roads are required, the fee doubles.

Royalties

For the San Pedro concession there is an agreement (the “Cordilleras Contract” in Figure 4.5) between Cordilleras and Titán. which requires Titán to pay Cordilleras a 2% NSR Royalty. Titán can assign the obligation of payment of the royalty to a third party by written notice sent to Cordilleras. In the event that Cordilleras decides to sell its right to receive the royalty, Titán will have the right of first refusal on the same terms and conditions that Cordilleras offered to a third party.

For the Josefina, Berta, La Unidad II, and La Unidad claims there is an agreement (the “Eloy Contract” in Figure 4.5) between Titán and two Concessionaires: Mr. Eloy Herrera Martínez and Cleotilde de la Rosa Ríos which requires Titán to pay a 1% NSR Royalty to the Concessionaires. In the event that the Concessionaires decide to sell their right to receive the royalty, Titán will have the right of first refusal on the same terms and conditions that the Concessionaires offered to a third party.

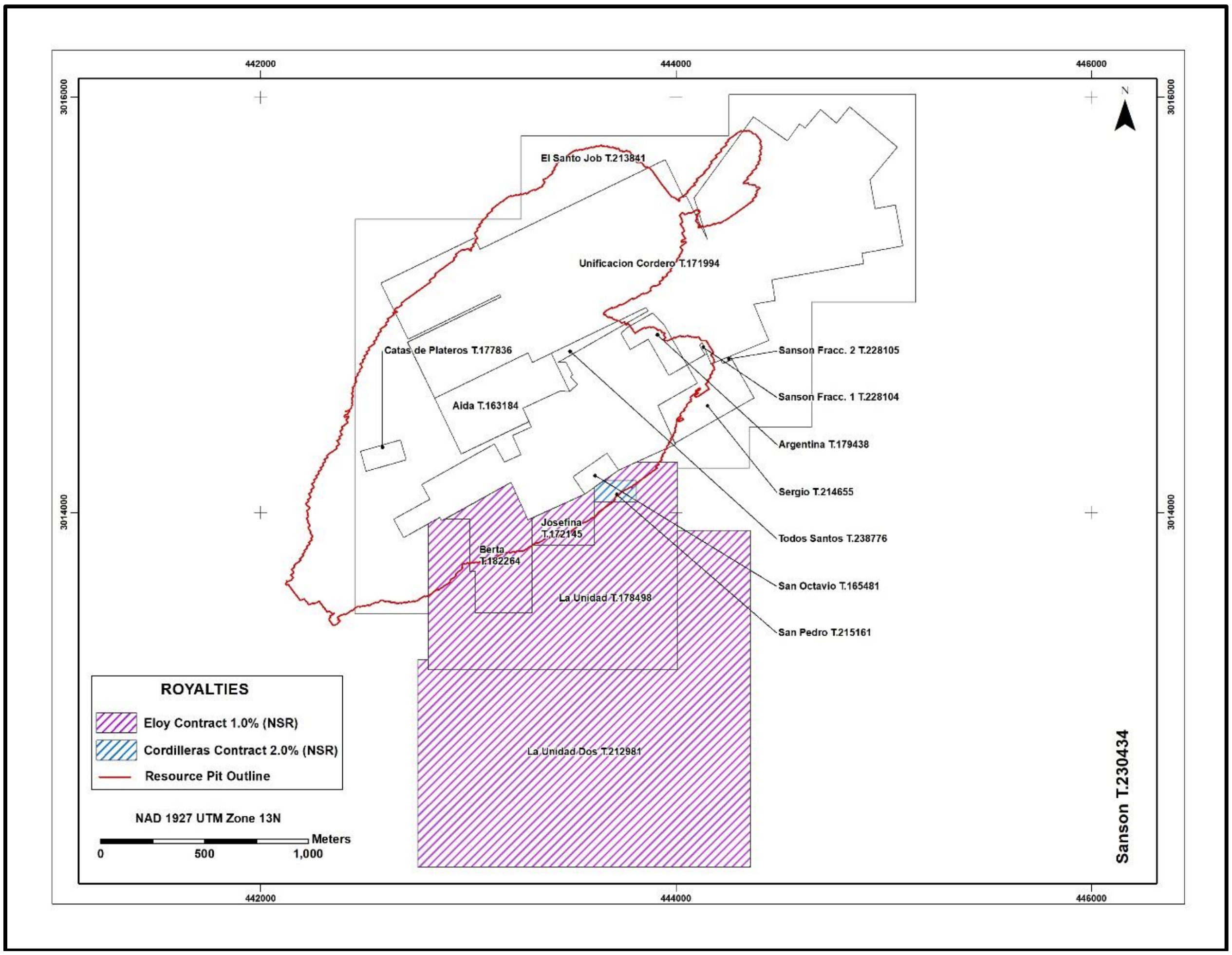


Figure 4.5 Concessions covered by NSR royalty agreements, along with the 2021 pit outline.

Environmental Liabilities, Factors and Risks Affecting Ability to Perform Work

The QP is not aware of any environmental liabilities to which the property is subject, and is not aware of any significant factors or risks that might affect access, title or the right or ability to perform work on the property.

5. ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE & PHYSIOGRAPHY

Accessibility

Access to Cordero by vehicle is 30 km southwest from Chihuahua City along State Highway 16 to the Parral turn off to State Highway 24, and then 150 km south on Highway 24. The secondary property access road leaves Highway 24 at the 150 km road marker, heading east for 10 km through a series of private ranches and Ejido Cordero to the Cordero Project field offices. Total travel time is approximately 2.5 hours from Chihuahua City to the project site.

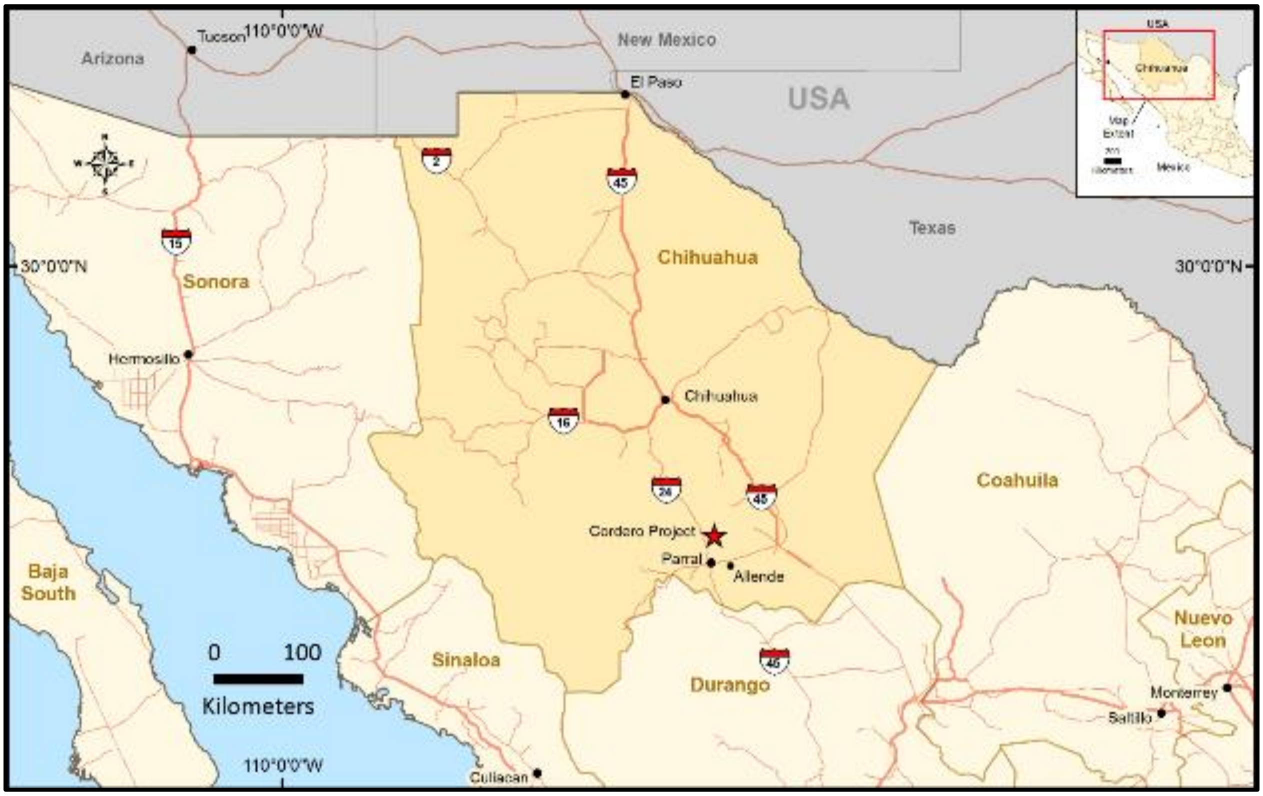


Figure 5.1 Access to the Cordero Project.

Climate

The project lies in a semi-arid climatic zone of northeastern Mexico, where the average temperature ranges from 1°C to 21°C in January and from 18°C to 35°C in June. The average annual rainfall of approximately 20 centimetres falls mostly in July, August, and September. Exploration and related work can be carried out throughout the year, with the occasional requirement for four-wheel-drive vehicles during the wetter periods of the rainy season.

Local Resources

Chihuahua City is located 2.5 hours north of Cordero by road and is the closest major city center with a population of just over 1,000,000 inhabitants and with an international airport. The city of Torreón is located 5 hours southeast in the state of Coahuila, with an international airport and smelting facilities. A private 2,700 m airstrip suitable for jet traffic lies 25 km southeast of Cordero at Allende along the Parral-Jiménez Highway (Figure 5.1).

Infrastructure

The nearest logistical support centre is Hidalgo del Parral (Parral), where the project keeps a local support office. Parral is host to approximately 120,000 inhabitants and is one of Mexico's oldest mining towns. Mining in Parral started in 1640 and has a long mining history with the head frame of the Pico Prieto Mine and mine infrastructure still present within the town limits (Photo 5.1). Several mines are still in operation around Parral within the nearby towns of Santa Barbara, and San Francisco del Oro, where Industrial Minera Mexico, S.A. de C.V (Santa Barbara Mine) and San Francisco Mines of Mexico Ltd. (Frisco Mine) respectively, are still operational (Figure 5.2).

Photo 5.1 Pico Prieto headframe, Parral.

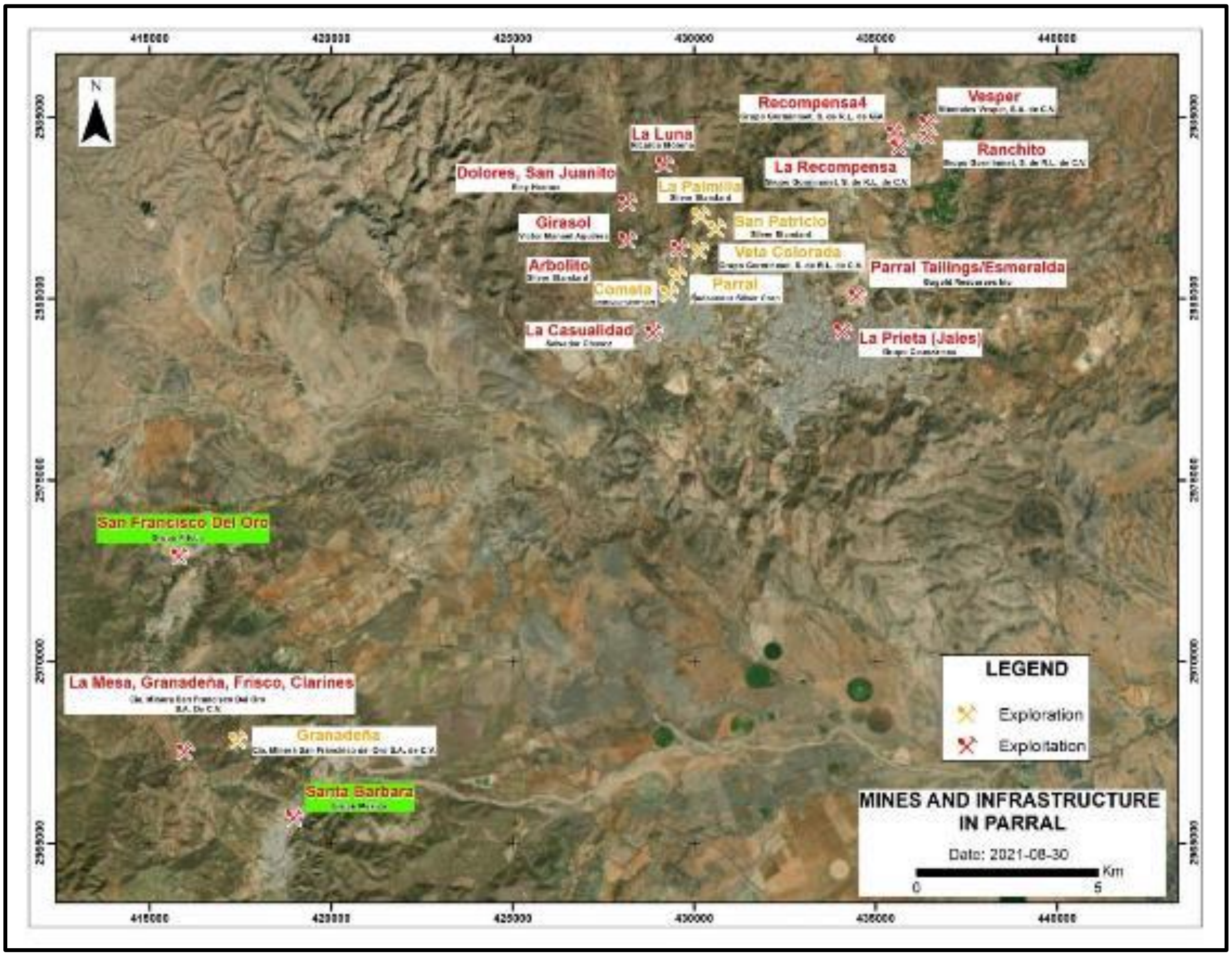


Figure 5.2 Producing mines, exploration projects and mining infrastructure near Parral.

The southern part of the Cordero project is crossed by a two-tower hydroelectric transmission line that comes within 6 km of the 2021 resource area. The power for this transmission line is generated in a hydroelectric plant 20 km to the north of the project. In 2010, the State of Chihuahua constructed another power line east of Highway 24 that cuts across the southwest corner of the Cordero Property. The existing transmission line described may not have enough capacity to supply the planned operation, however additional lines could be built approximately 75 km to the northeast, where the Camargo II power plant near Santa Rosalía de Camargo is located. Alternative power sources including design and cost analysis for the project are being pursued.

Physiography

The Cordero Property topography is gently rolling scrub-brush ranch land (Photo 5.2) with elevations that range from 1,500 to 1,700 m. The dominant vegetation in the area is desert scrub, with very little grassland. Cattle ranching is the dominant industry in the region.

Some areas have been cleared to grow alfalfa, sorghum, corn, wheat, or oats, which are irrigated from water wells that reach the water table at depths of between 60 to 100 m. Walnuts are also grown on some of the ranches.

Photo 5.2 Cordero's felsic domal features (silicification and jasperoid veining) and surrounding scrub vegetation.

6. HISTORY

Historical Mining

Photo 6.1 Statue of Juan Rangel de Biezma in Hidalgo de Parral.

Historical records and anecdotal information indicate that the region around Cordero had supported mining activity since the early 17th century when the Spanish established Real de San José at what is now the town of Hidalgo de Parral (also called, simply, Parral). The central plaza of Parral commemorates the discovery of the La Prieta Mine with a statue of the town's founder, holding a mining hammer in one hand and a nugget of ore in the other.

At Cordero, 35 vertical shafts can still be found along with associated small prospect pits on outcrops of high-grade silver-lead-zinc veins. In shafts that remain accessible, small open stopes can be found at the bottom. There are no known records of production from these mines; but all accessible production voids are small.

By the mid-1800s, mining in southern Chihuahua State had become more organized. The Parral Silver Company, headquartered in New York, maintained detailed records of production and sales from the La Prieta and La Palmilla mines in the town of Parral, including their purchases of ore from smaller operations in the region. The lack of commentary on production at Cordero, just to the north of Parral, suggests that mining on the higher ground of Cordero remained small in scale, and unorganized into the late 19th century.

By the start the 20th century, the American Smelting and Refining Company (Asarco) had become the most significant silver producer in the country and operated small mines on what is now the Cordero property, including La Luz, La Ceniza, and Josefina where they worked veins and high-grade sulfide mineralization. At the peak of Asarco's activity in the 1940s, they built a small six-cell flotation mill at La Luz the remnants of which still exist. The lack of tailings around the old mill at La Luz, the largest of Asarco's mines at Cordero, indicates that it was not operational for any significant length of time.

In 2013, Titán consolidated claim ownership in the district, bringing unorganized artisanal mining at Cordero to an end. In the past decade, production from small operations at Cordero has been from hand-sorted ore that was transported to community mills in nearby Parral.

From the very earliest artisanal mining at Cordero, through to the past decade, a shallow water table has created difficulties with dewatering, making all of the historical mines at Cordero necessarily shallow. Although three centuries of mining confirm that Cordero hosts abundant silver, lead, zinc and gold, historical mines have drawn their production only from some of the near-surface resources. Deeper mineralization remains untouched by past production.

Recent History Of Mineral Tenure And Exploration

In 2000, Industrias Peñoles completed a review of the region for copper, molybdenum and gold potential, and drilled a few short holes on the Sansón stock at the northeast end of the main Cordero Belt, and on the Valle stock, the westernmost of the stocks in the Porfido Norte Belt (Figure 6.1).

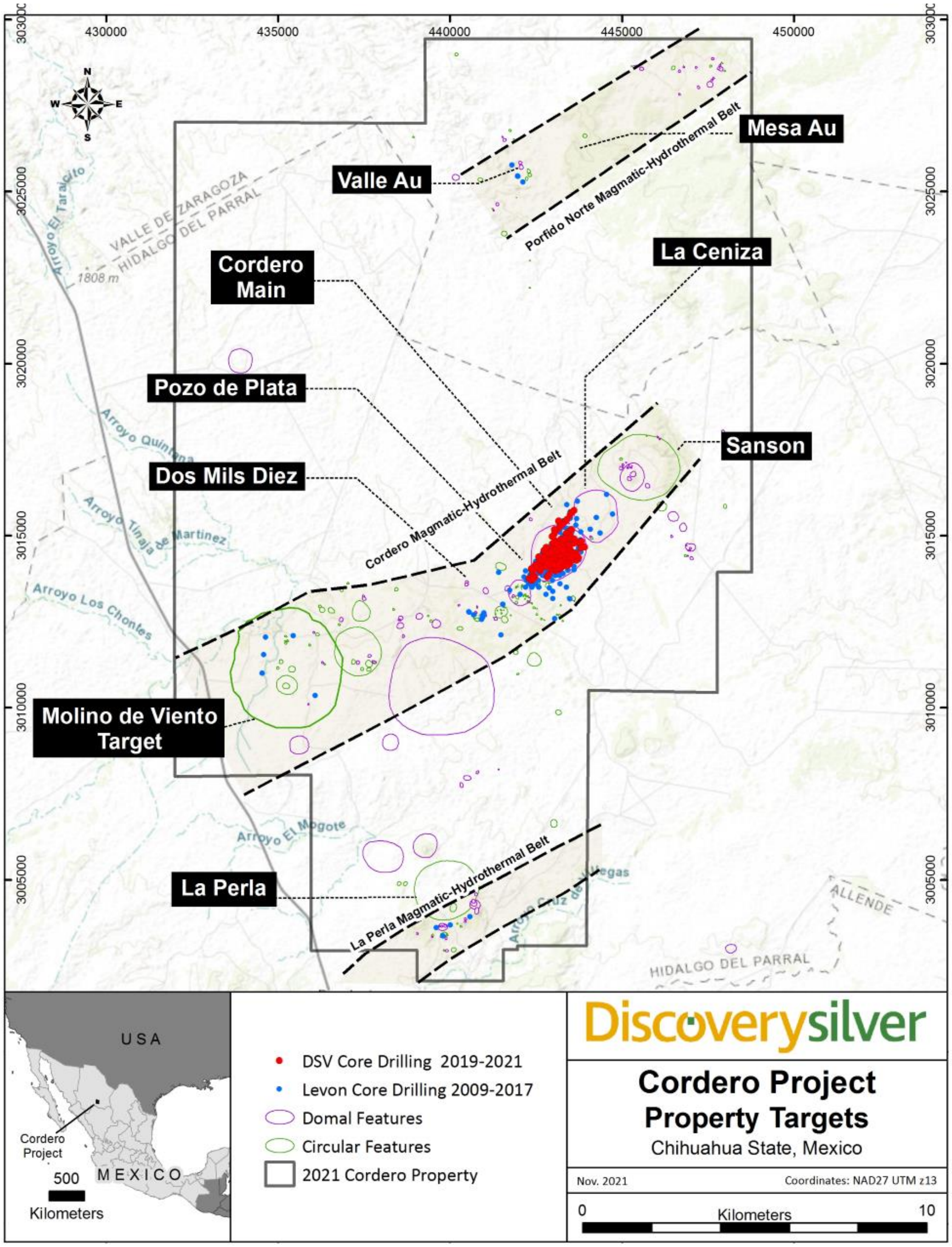


Figure 6.1 Cordero project exploration target areas.

From 2006 to 2009, Valley High Ventures Ltd. (Valley High) owned the claims through their wholly-owned subsidiary, Coro Minera. Valley High carried out surface exploration work, compiled the project's first comprehensive data base, and organized drill core that had been stored in several different secure locations. By 2009, Valley High had dropped half of its claim holdings and entered into a joint venture agreement with Levon Resources Ltd. (Levon).

Beginning in 2009, Levon re-staked mineral claims that had been dropped by Valley High and added adjoining claims. By 2011, Levon had met their vesting requirements for 100% of the property and bought out Valley High. During the years when Levon had sole ownership of the property, from 2011 until 2019, a significant addition to the package of mineral concessions was the 2013 purchase of the Aida claim, a small concession in the center of the main resource area that had complicated advancing the project because it lay inside the region that an open pit operation would want to extract, as shown earlier in Figure 4.2.

In 2019, Levon merged with Discovery Metals Corp. In April 2021, Discovery Metals Corp. changed its name to Discovery Silver Corp., which currently has 100% ownership of the mineral rights that cover all of the land needed for a large open pit that targets Cordero's bulk of mineralization at depth.

Property Results – Previous Owners

Discovery has not been provided with the drill logs and sample information from the three holes drilled by Industrias Peñoles. The lack of this information has no effect on the current resource calculations since the Sansón and Valle stocks lie outside the area where resources are currently being estimated.

Work carried out by Valley High included geological mapping, rock sampling, gridded soil sampling, and trenching at the Sansón, La Ceniza, and the Cordero Main target areas (Figure 6.1). Historical data was compiled, including drill core stored in secure buildings being re-packaged, re-logged, re-sampled, and re-interpreted. Much of the historical drill core was not sampled despite showing many indicators of Ag-Pb-Zn mineralization: sphalerite and argentiferous galena mineralization in discrete veins, stockwork and breccias. Valley High's core re-logging recognized the potential for bulk tonnage targets on the property. A subsequent review of mineralization in the accessible underground workings, however, indicated that mineralization might not extend into the wall rock from the veins that had been targeted by historical mining.

Table 6.1. Historic drilling campaigns from 2000 to 2017.

Company	Year	Drill holes	Metres	Notes
Industrias Peñoles	2001	3	Unknown	Sansón Target
Levon Resources Ltd.	2009	8	2,844	C09-5 (discovery hole)
Levon Resources Ltd.	2010	89	35,857	Main Resource Area
Levon Resources Ltd.	2011	109	57,989	Main area; SW targets
Levon Resources Ltd.	2012	44	17,076	Valle, Perla, Molino de Viento, Main
Levon Resources Ltd.	2013	16	9,529	Main Resource Area
Levon Resources Ltd.	2014	8	4,662	Main Resource Area
Levon Resources Ltd.	2017	18	5,664	Resumed drilling after downturn
	TOTALS:	**295**	**133,620**	

Levon carried out reconnaissance mapping which confirmed the importance of three magmatic hydrothermal belts. As a result of this finding, over the next few years Levon carried out several drilling campaigns in tandem with various airborne surveys as summarized in Table 6.1.

Previous Exploration History

Mining activities at Cordero date back to the early 17th century with vertical shafts, narrow stopes, and pits as historical evidence. Silver, lead and zinc veins and vein- breccias with variable gold were exploited during the 1940s and 1950s, and more recently by artisanal miners until 2013 when Titán organized their departure. The recent production was from direct shipping to community mills in the town of Parral. Asarco explored Cordero for a short period and built a small flotation facility at the La Luz mine, the largest active mine in the Cordero area during the 1940s. The La Luz Mining operations were reported as suspended due to water issues.

Exploration by Industria Peñoles

- During 2000 and 2001, Peñoles completed a review of the region for porphyry copper and molybdenum potential at the Sansón stock at the northeast end of the Cordero Belt, and at the westernmost stock near the Porfido Norte, north of Sansón.
- Work by Peñoles included the completion of three drill holes at Sansón. This work's sample results, and drill core logs are currently unavailable to Titán.

Exploration by Valley High Ventures Ltd.

- *In 2006*, Valley High Ventures Ltd. (Valley High) initiated negotiations with claim and surface owners in the main Cordero area.
- *In 2007*, Valley High started surface exploration work at Cordero, through their wholly owned subsidiary Coro Minera.
- *From 2007 to 2009*, geologic mapping, rock sampling, gridded soil sampling and trenching were completed at the Sansón, La Ceniza and the Cordero domal feature target areas. Historical data was compiled, and drill core stored in secure buildings were re-packaged, re-logged, sampled, and interpreted. Much of the historical drill core was not sampled despite sphalerite

and galena mineralization in various forms including, disseminate, vein, stockwork, and breccia. The core logging recognized the potential for bulk tonnage targets on the property, although a subsequent review of mineralization in those underground workings that were accessible gave the impression that mineralization did not continue significantly into the wall rock on either side of the veins mined.

- *In 2009*, Valley High dropped half of its claim holdings and sought a joint venture partner to advance the project.

Exploration by the Levon/Valley High Joint Venture

- *In January 2009*, Valley High signed an agreement with Levon, and the JV started work on the property on February 4, 2009.
- *In August 2009*, the land that was dropped by Valley High was re-staked by Levon, and any other adjoining land was acquired by Levon.
- *In 2009*, the initial reconnaissance mapping re-affirmed the importance of the large-scale magmatic-hydrothermal belts called Porfido Norte and the Cordero Belts.
- *In 2009*, eight drill holes C09-1 through C09-08 totaling 2,843.85 metres were completed. Holes C09-3, C09-05 (discovery hole), and C09-8 were significantly mineralized.
- *At the end of 2009 and early 2010*, a ground-based gravity survey was completed over the Pozo de Plata, and Dos Mil Diez targets by McGee Geophysics of Reno, Nevada and the data was inverted by Rock Geophysics, Reno Nevada, and integrated into the project data.
- *In October 2009*, a second drill program was initiated, and by year-end, a total of 19,680 metres in 52 holes had been completed.
- *In 2010*, the JV focused exploration work on the central Cordero magmatic-hydrothermal belt with geological and structural mapping using a 1:12,500 air photo base in conjunction with soil sampling (Figure 6.2), and rock sampling.
- *In 2010*, SJ Geophysics of Vancouver, B.C., completed an initial 3D induced polarization (IP) survey as well along the main Cordero magmatic-hydrothermal belt. SJ Geophysics did not issue a formal repotrt for the IP survey other than a logistics report; however, the resulting maps and images were incorporated into future drill hole planning.
- *In 2010*, Aeroquest Geophysics of Mississauga, Ontario (Aeroquest) completed an airborne electromagnetic survey (Figure 6.3), a magnetic survey (Figure 6.4), and a radiometric survey over the Cordero Belt.
- *In 2010*, SJ Geophysics completed 3D inversions of the Aeroquest magnetometry data over the Cordero Belt (Figure 6.4). Northeast of the current resource area, the magnetics revealed strong correlation with the deeper parts of the system, coincident with skarn-hornfels sulfide mineralization that has a stronger magnetic response. It also inferred a sizeable buried intrusive center, which implies a large hydrothermal-magmatic plumbing system and incumbent mineralization.
- *Between January and June 2010*, Levon diamond drilled a total of 35,857.02 metres in 89 holes for an aggregate total of 38,700.87 metres in 97 holes.

- *In the 2011*, Levon diamond drilled 57,989.1 metres in 109 holes for an aggregate total of 96,689.97 metres in 206 drill holes. Compilation of drill hole data up to hole C11-160 was incorporated into a resource inventory at that time.
- *In 2011*, SJ Geophysics completed a 3D IP survey covering Molino de Viento (27.9 line-km), Dos Mil Diez (76.4 line-km), Pozo De Plata, Cordero Intrusive Complex, and La Ceniza Stock areas where the chargeability shows a strong multi-km long anomaly both within and well outside the 2021 resource pit (Figure 6.5).
- *In March 2011*, Levon bought out their joint venture partner Valley High Ventures after meeting their vesting requirements for 100% of their property.

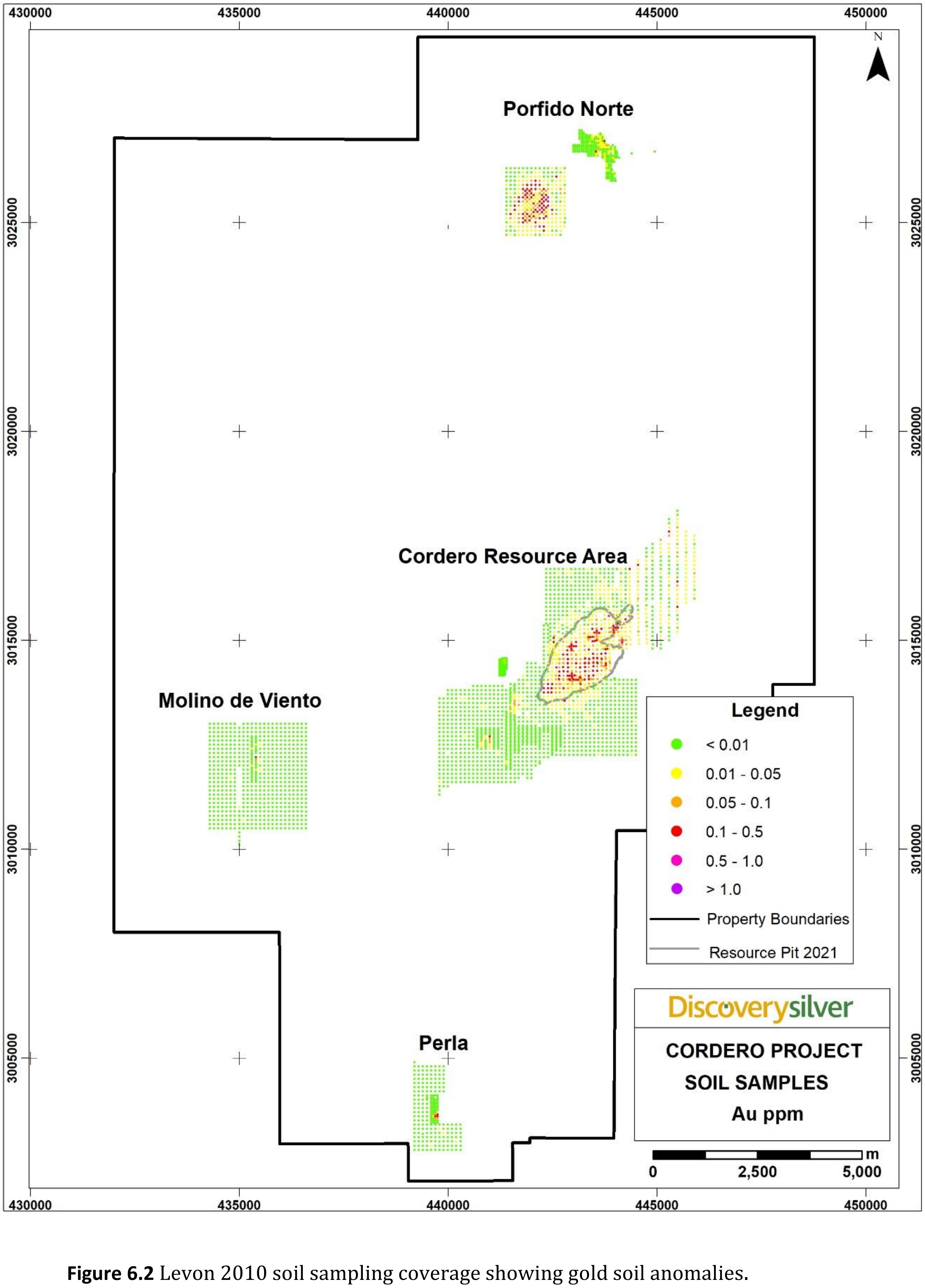


Figure 6.2 Levon 2010 soil sampling coverage showing gold soil anomalies.

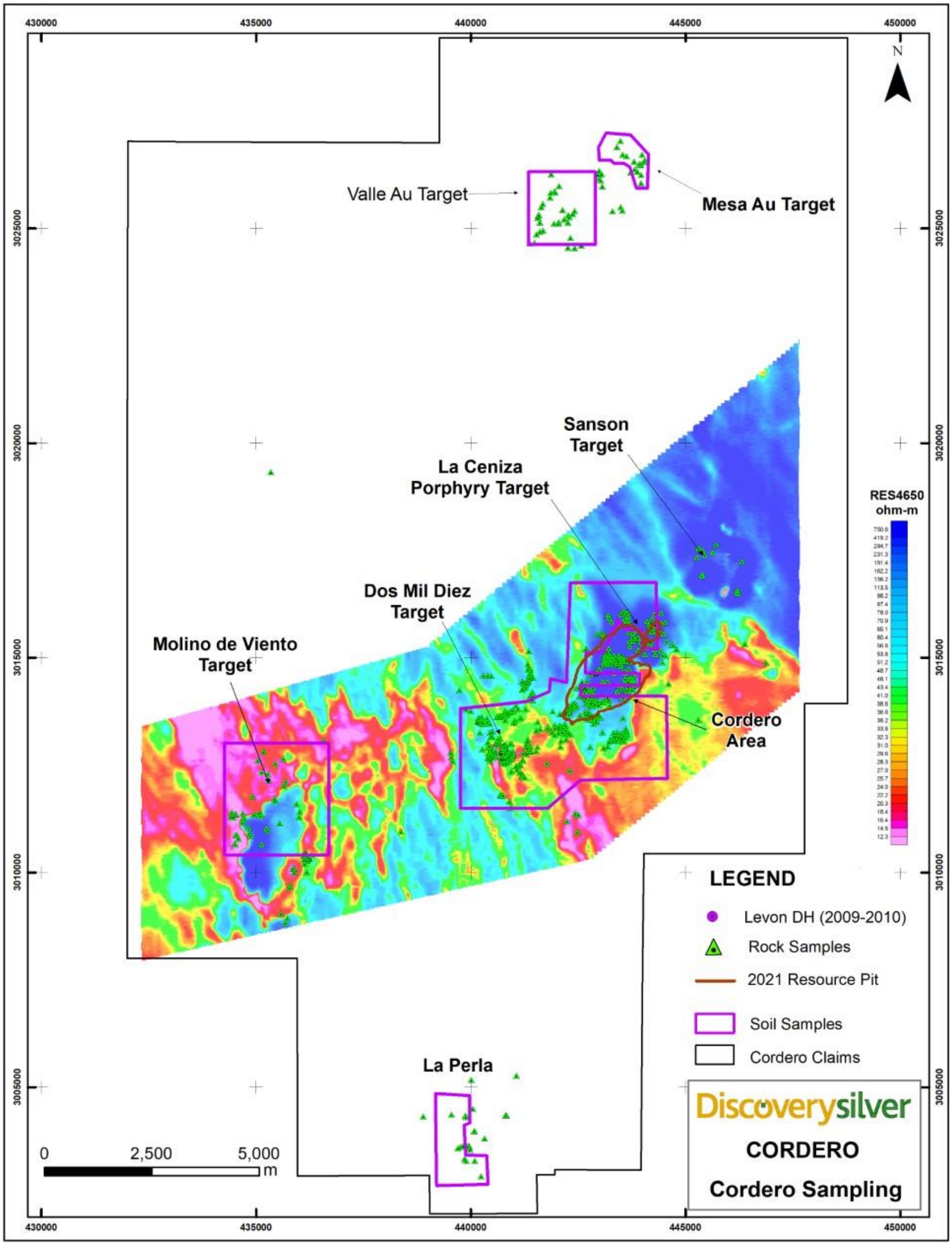


Figure 6.3 Aeroquest 2010 EM resistivity, location of rock samples, and 2021 resource outline.

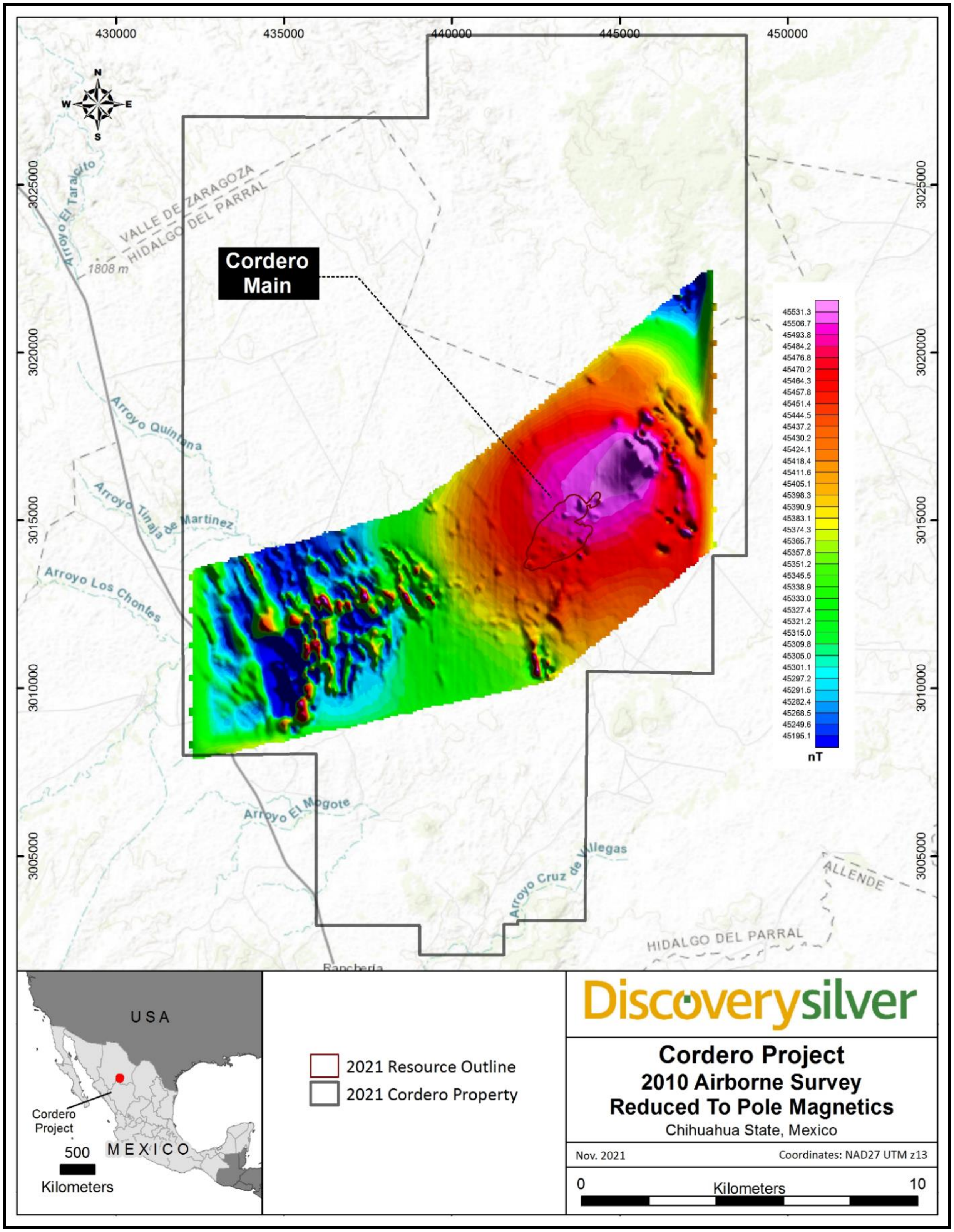


Figure 6.4 Aeroquest 2010 reduced-to-pole magnetics and 2021 resource pit outline.

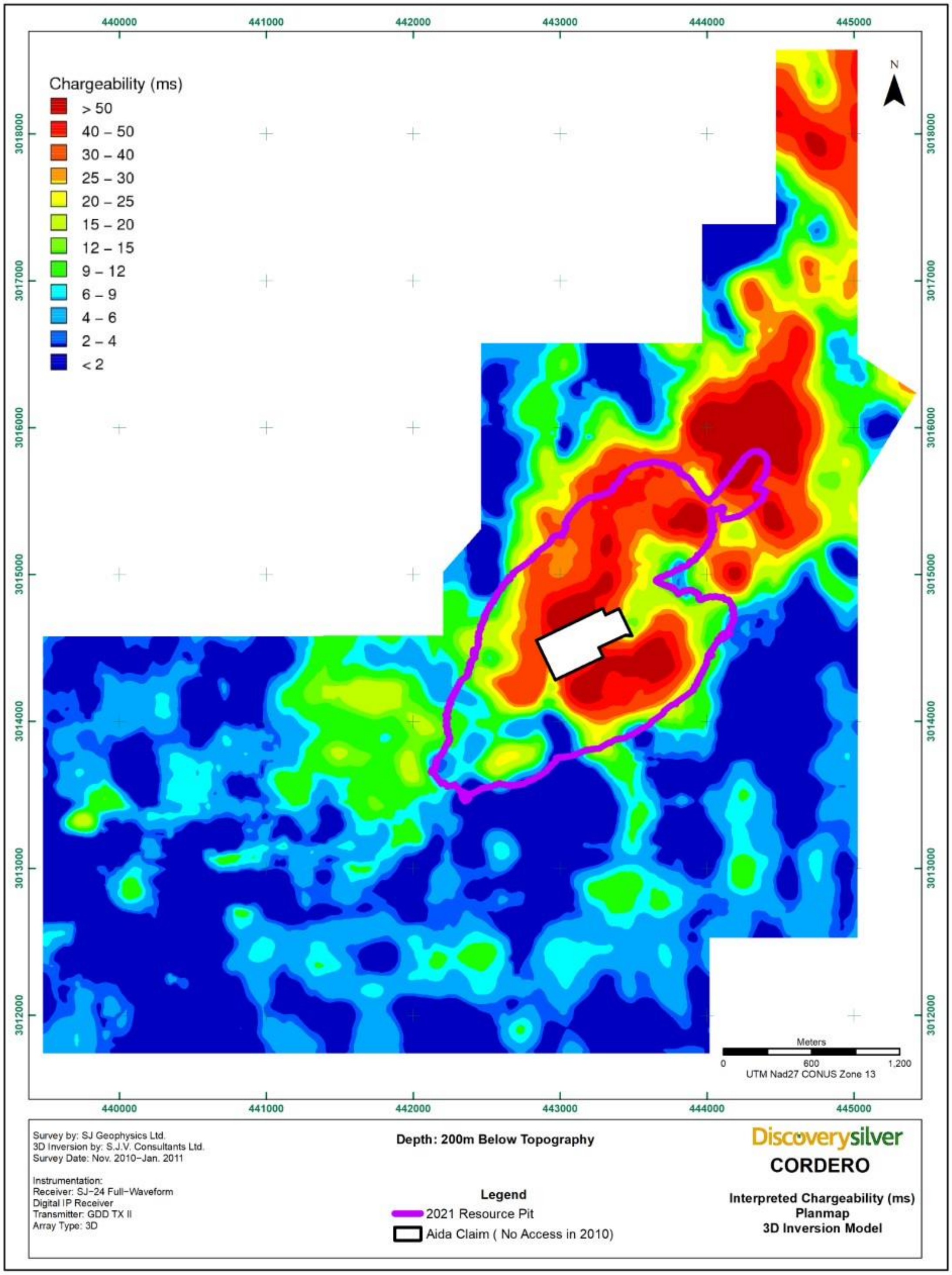


Figure 6.5 SJ Geophysics 3D IP chargeability 2009-2010, for the 200 m depth slice (the Aida Claim, not owned at that time, is blanked out).

Exploration by Levon Resources Ltd

- *In 2012*, Levon diamond drilled 44 holes (C12-207 through C12-250) totaling 17,075.7 metres.
- *In February of 2012,* SJ Geophysics Ltd. completed a 3D IP survey over La Perla totaling 4,490 north-south line-kms, at 200-metre spaced lines up to 2,300 metres in length.
- *In 2012,* Levon completed a magnetotelluric survey over Molino de Viento however, the data is currently unavailable to Titán.
- *In July of 2013*, Levon purchased the 15.9-hectare inlying Aida Claim in the center of the resource area after a negotiation period of 7 years with the owners.
- *In 2013*, Levon diamond drilled 16 holes (C13-251 through C13-266) totaling 9,528.84 metres.
- *In 2014*, Levon diamond drilled 8 holes (C14-267 through C14-274) totalling 4,661.5 metres in 8 holes (Figure 6.6).
- *From 2014 to 2016*, an exploration hiatus occurred during a market downturn.
- *In early 2017*, Levon diamond drilled 18 holes (C17-275 through C17-292) totaling 5,664.0 metres bringing the aggregate total to 133,620.01 metres in 292 holes (Figure 6.7).
- *In April of 2019*, Discovery Metals Corp. completed a technical review and property visit at Cordero, and then on May 30, 2019, announced that an Arrangement Agreement had been signed with Levon Resources Ltd.
- *By August 2, 2019*, the closing of the agreement with Levon was announced and the two companies merged.
- *On September 17, 2019*, Discovery started drilling on the Cordero project.

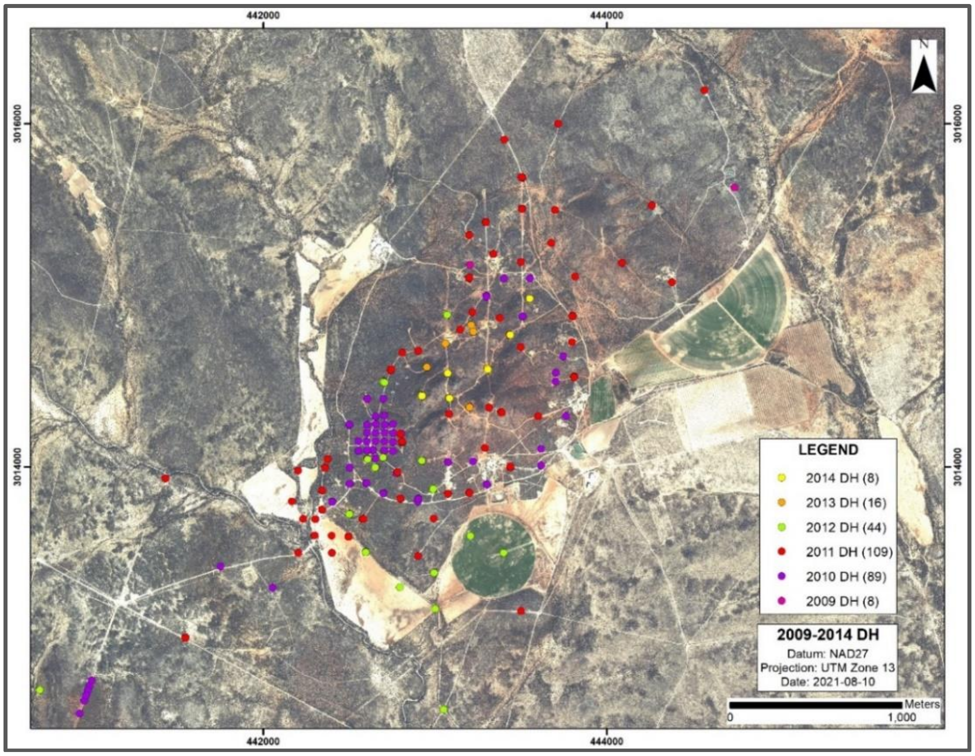


Figure 6.6 Map showing diamond drill hole collars at the end of 2014.

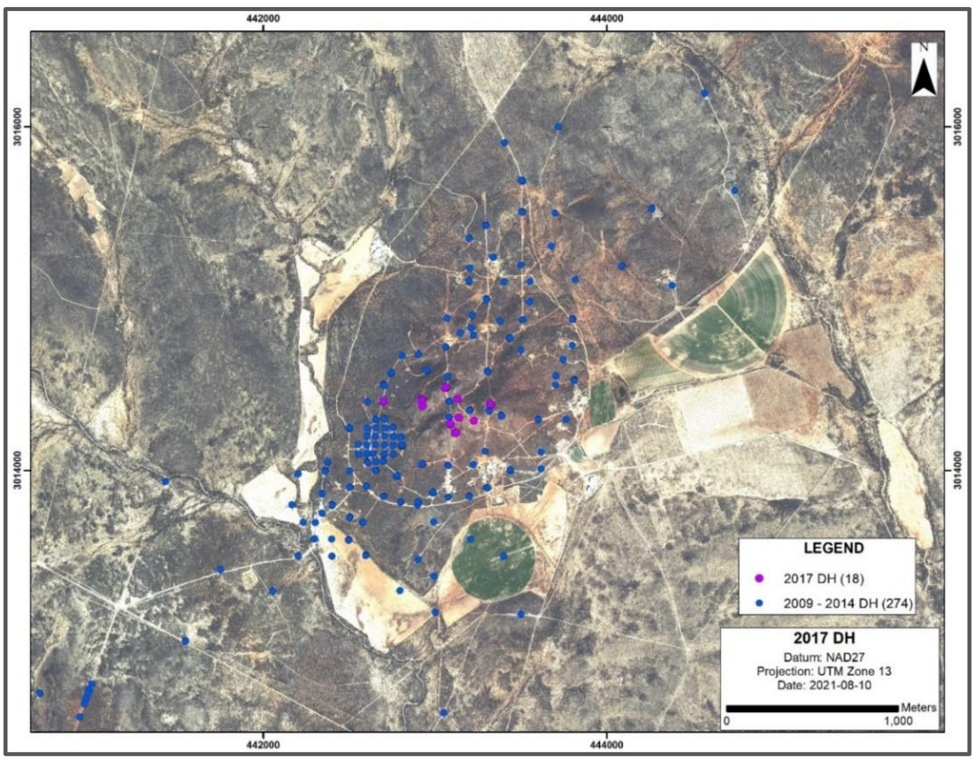


Figure 6.7 Map showing diamond drill hole collars at the end of 2017.

Production History

Evidence of past production at Cordero consists of 35 vertical shafts and approximately 104 mined out stopes that come to surface. These locations can be readily seen in the aerial photography covering the property (Figure 6.8). The stopes vary between 1-2 m in width and are characterized by oxides and sulphides of high-grade Ag-Pg-Zn +/- Au veins and vein breccias, some of which outcrop on surface. Local workers, and former small-scale underground miners that used to work in these stopes report most of the production was direct shipping ore, which was hand sorted, shipped, and processed in Parral.

The historical mines of La Luz, La Ceniza and Josefina show evidence of water pumping efforts and support the anecdotal knowledge that the Cordero project area has abundant groundwater. Local workers have reported that most of the vertical workings are excavated to the water table located at an approximate depth of 50 to 80 metres.

No reliable records of the historical mining have been encountered to date.

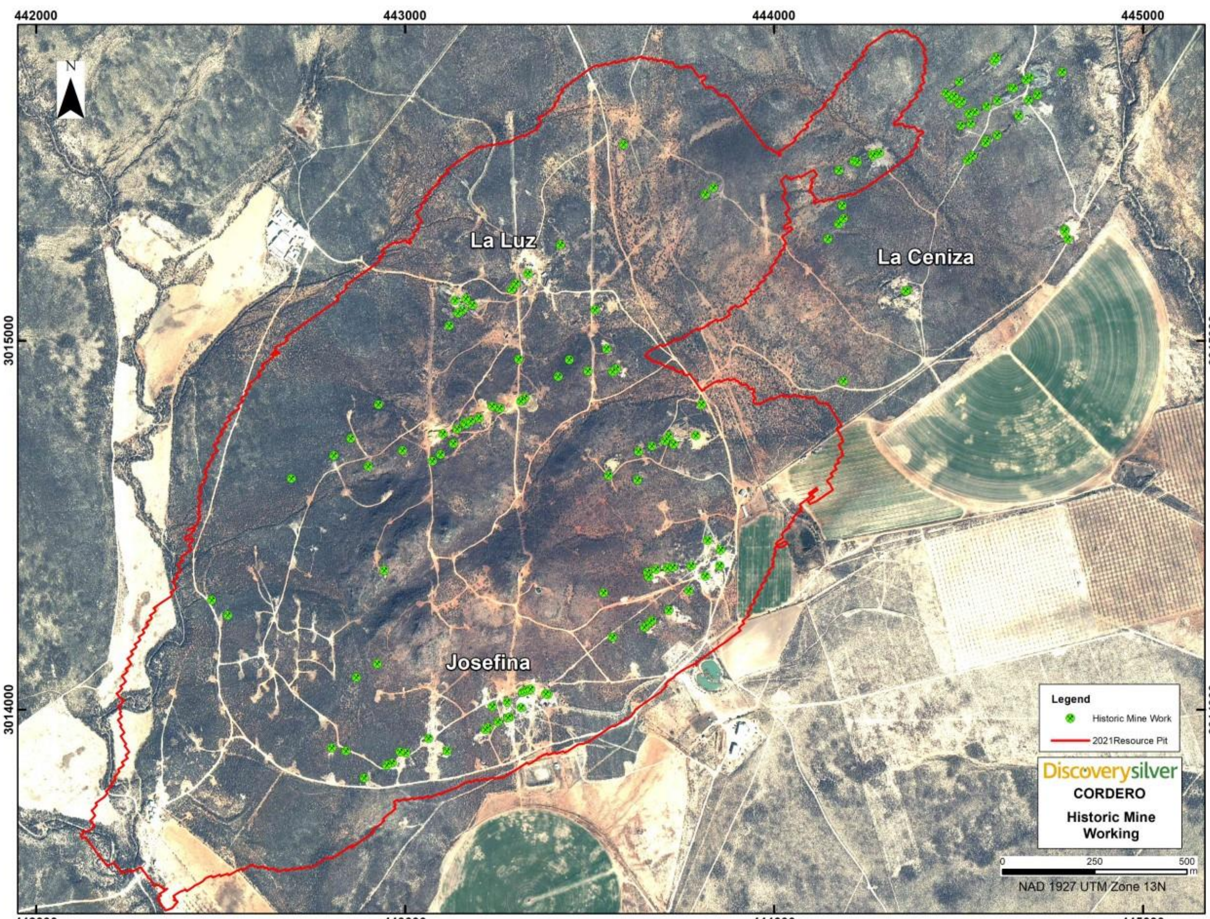


Figure 6.8 Orthophoto showing distribution of surface workings.

Historic Resource Estimates

2014 Historical Resource Estimate

In April 2017, Levon filed a technical report on SEDAR that described a resource estimate done using all data available through April 2014 [3]. Although the SEDAR filing post-dates by a few years the effective date of work done in 2014, this resource estimate complied with the requirements of National Instrument 43-101 and can be regarded as a compliant historical resource. Although this resource estimate was prepared in accordance with National Instrument 43-101 (NI 43-101), it has since been superseded, and Discovery no longer relies on this mineral resource estimate.

This 2014 mineral resource was an inverse distance ID^6 model constrained by an open pit shell. A silver equivalent grade was calculated for each block based on the metal grades, estimate of mill recovery for each metal and the metal prices (Table 6.2).

Table 6.2 Parameters used to calculate silver equivalent in 2014 resource estimate.

Metal	Mill Recovery (%)	Metal Price
Silver	85	$20/oz
Gold	18	$1,250/oz
Zinc	81	$0.94/lb
Lead	80	$0.95/lb

Using a reporting cut off of 15g/t AgEq a summary of the 2014 resource estimate is shown in Table 6.3:

Table 6.3 Summary of 2014 resource estimate.

		GRADE					CONTAINED METAL			
CLASS	**TONNAGE** ***(Mt)***	**Ag** *(g/t)*	**Au** *(g/t)*	**Pb** *(%)*	**Zn** *(%)*	**AgEq** *(g/t)*	**Ag** *(Moz)*	**Au** *(Koz)*	**Pb** *(Mlb)*	**Zn** *(Mlb)*
Indicated	848	18	0.05	0.25	0.48	**41**	448	1,366	4,742	8,953
Inferred	**92**	**15**	**0.03**	**0.20**	**0.33**	**31**	**44**	**85**	**397**	**663**

2018 Historical Resource Estimate

In 2018, Levon produced a PEA report with an effective date of March 1, 2018 that was prepared in accordance with NI 43-101, and that outlined a resource and an economic evaluation for the Cordero Project.

The 2018 mineral resource estimate was based on 263 drill holes making up 126,235 metres of drilling completed by the end of 2017. The mineral resource was estimated utilizing an inverse distance methodology and contemplated an open pit geometry based on a standard flotation mill with separate zinc and lead circuits, mill recoveries, operating costs for processing, G&A and mining. A silver equivalent grade was calculated for each block based on the metal grades, estimate of mill recovery for each metal and the metal prices shown in Table 6.4 below:

Table 6.4 Parameters used to calculate silver equivalent in 2018 resource estimate.

Metal	Mill Recovery (%)	Metal Price
Silver	88.6	$17.14/oz
Gold	40	$1,262/oz
Zinc	72	$1.11/lb
Lead	84	$0.96/lb

Using a reporting cut off of 15g/t AgEq, the summary of resource estimate is shown in Table 6.5:

Table 6.5 Summary of 2018 resource estimate.

		GRADE					CONTAINED METAL			
CLASS	**TONNAGE *(Mt)***	**Ag** *(g/t)*	**Au** *(g/t)*	**Pb** *(%)*	**Zn** *(%)*	**AgEq** *(g/t)*	**Ag** *(Moz)*	**Au** *(Koz)*	**Pb** *(Mlb)*	**Zn** *(Mlb)*
Indicated	990	13	0.04	0.17	0.37	**32**	408	1,273	3,775	8,030
Inferred	**282**	**21**	**0.04**	**0.30**	**0.75**	**56**	**187**	**363**	**1,860**	**4,665**

7. GEOLOGICAL SETTING AND MINERALIZATION

Regional Geology

The Cordero Project lies at the transition between the Sierra Madre Occidental, a high plateau that is predominantly silicic igneous rock, and the eastern part of Mexico's Basin and Range, a geologic province that consists predominantly of sedimentary rocks (Figure 7.1).

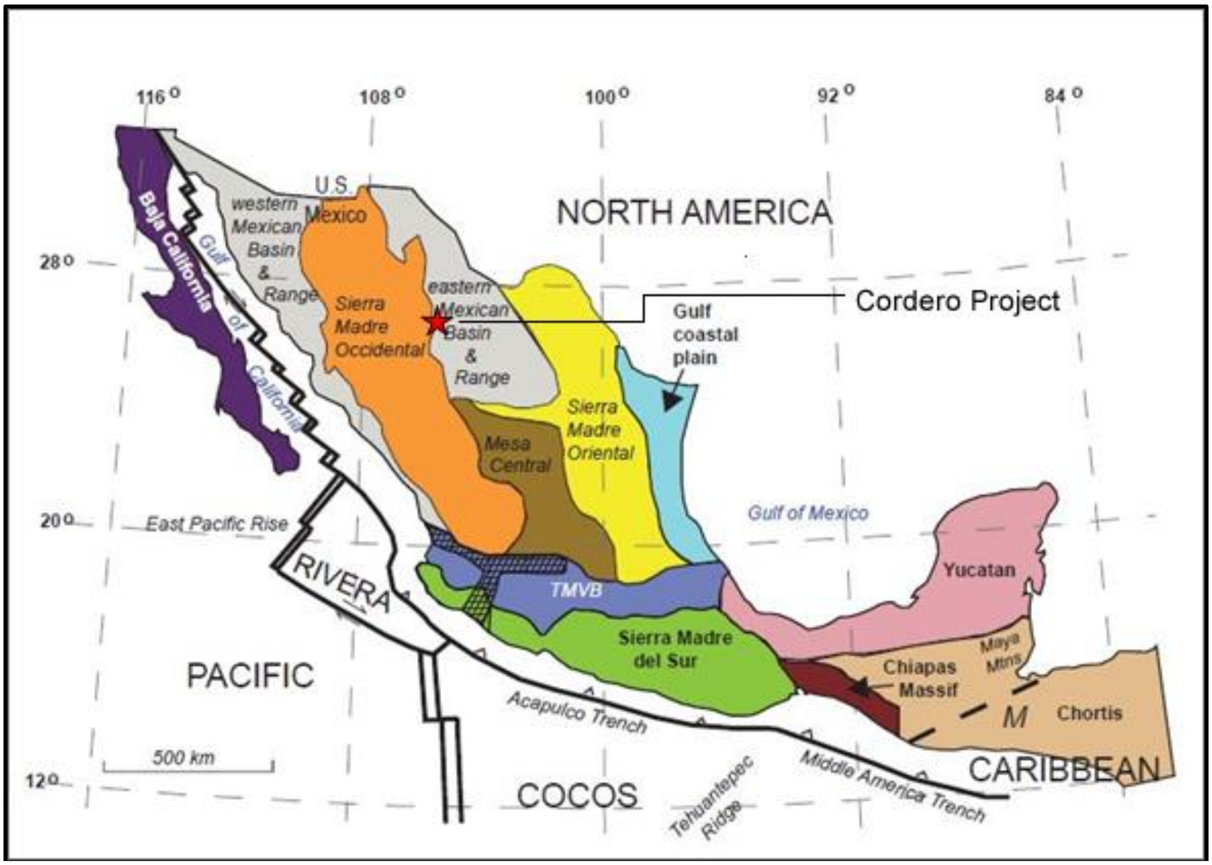


Figure 7.1 Geologic provinces of Mexico (adapted from [4] and [5]).

The Sierra Madre Occidental is the result of multiple Cretaceous – Cenozoic magmatic and tectonic episodes related to subduction of the Farallon Plate beneath North America [6].

The Mexican Orogeny involved two mountain-building events known as the Sevier and Laramide Orogenies, that began approximately 80-90 million years ago, during the late Cretaceous, and ended approximately 40-50 million years ago during the Eocene.

The Mexican Basin and Range is the southern continuation of the large geologic province that goes by the same name in the western United States and covers much of western North America. The final stages of the orogeny were marked by block faulting that is the result of an extension and thinning of the crust beginning approximately 30-40 million years ago during the Eocene. The sedimentary rocks of the Basin and Range also show strike-slip and thrust style of faulting characteristic of the older compressional environment that marked the mountain building events. Both types of faults, the younger dip-slip faults, and the older strike-slip faults, play an important role as pathways for mineralized fluids that originate in deep intrusions and are driven upwards by the heat and pressure from the emplacement of magma at depth.

The marine sedimentary rocks of Mexico's eastern Basin and Range Province include carbonates, siltstones and sandstones that formed in an inland sea referred to as the Western Interior Seaway which extended from the Gulf of Mexico, through Mexico up to the United States and Canada. Younger sediments were shed continuously into the growing sedimentary basin as it was pulled apart in a northeast-southwest direction.

<u>Mexican Silver Belt</u>

The Cordero Project lies within the Mexican Silver Belt (MSB), the largest silver province in the world, defined by a 1,500 km belt that extends from the states of Sonora and Chihuahua in the north to Oaxaca in the south. The MSB is host to several world-class mineral deposits, including Santa Eulalia, Naica, Santa Barbara, Sombrerete, La Colorada, San Martin, Fresnillo, Guanajuato, and Taxco (Figure 7.2).

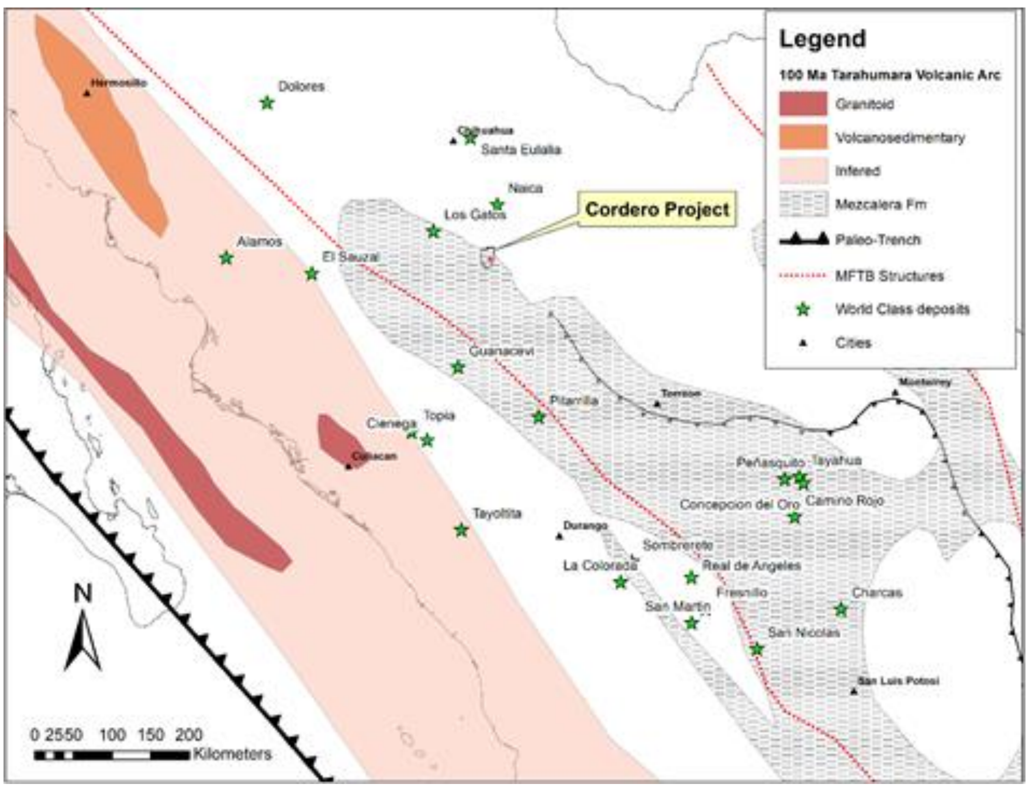


Figure 7.2 The Cretaceous Mezcalera Formation (hatched) with major mineral deposits along the Mexican Silver Belt (adapted from [7] and [8]).

Local Geology

The Cordero project area has limited outcrop up to approximately 20%, with a subdued topographic surface that averages approximately 1,550 metres above sea level. Resistant Tertiary-age silicic volcanic/subvolcanic rocks pierce the horizontal landscape comprised of recessive and easily eroded marine sediments.

The Cordero property is a shallow level magmatic system in an isolated sedimentary basin comprised of a series of compositionally similar, interconnected hypabyssal bodies. Emplacement-related textures have provided favourable permeability loci for mineralization, including a variety of intrusion-related structures.

The Cordero magmatic-hydrothermal system and emplacement-related structures have had a complex history while developing its shape into a disc-shaped laccolith with a deep keel, and a series of parallel interconnected sills and dikes, with magmatic flow-related structures (flow-foliation/flow-banding), contact-related structures (bimictic breccia) syn-magmatic in origin, and fragmental structures in collapse breccias.

At Pozo de Plata (Figure 7.3) a polymictic rhyolitic intrusive breccia (IBX) is cut by mineralized hydrothermally altered milled matrix breccia. The IBX can occur elsewhere as unmineralized bodies. Additionally, the creation of space and permeability is provided by reactivated NNW- to NNE-trending axial planar shears along fold axes, where bedding plane faults and manto-replacement bodies have formed in favourable sedimentary horizons, as well as in extension-related faults where open-space fill is dominant in veins and vein breccias.

The Cordero Intrusive Complex that hosts most of the project's current mineral resource comprises a rhyodacitic laccolith, sill, dike and breccia complex. A domal feature forms a resistant hill, the product of intense silicification. In this area, fluids from deep magma found interconnected pathways along several deep basement fault zones, such as the Cordero, Todos Santos and Josefina faults that are all NW and SE faults that control mineralization. Sheeted dikes have exploited the same northeast trending Cordero Fault Zone and parallel strands; these dikes typically have a quartz-dacite composition, and are marked by clusters of coarse crystals, a texture known as "glomerophyric".

Table 7.1 summarizes studies by Discovery of age dating from isotope ratios in magmatic zircons and molybdenite mineralization at Cordero; these provide a consistent age for the various magmatic rocks: 36.96 ± 0.31 Ma to 38.5 ± 0.16 Ma.

Table 7.1 Ages of magmatic activity at Cordero calculated from Re-Os and U-Pb isotope studies.

Sample Location	Method	Age *(Ma)*	Sample description
C10-163 at 1037.6 m	Re-Os (moly)	38.5 ± 0.16	La Ceniza molybdenite porphyry
C11-163 (1038.15 to 1046.5 m)	U-Pb (zircon)	36.96 ± 0.31	Feldspar porphyry dikes
C19-307 (146.7 to 206.9 m)	U-Pb (zircon)	37.71 ± 0.38	Plagioclase/K-feldspar/biotite/quartz rhyodacite
C20-336 (309.65 to 344.3m)	U-Pb (zircon)	37.39 ± 0.31	Hypabyssal flow banded rhyodacite
C21-446 (312.1 to 316.15 m)	U-Pb (zircon)	37.24 ± 0.27	Quartz-dacite glomerophyric dikes

Notes:

- Re-Os dating was done at the University of Alberta [10]
- U-Pb dating was done at the University of British Columbia [10]

The best-developed mineralization in the Cordero Main area occurs where igneous dikes and shallow-dipping sills inter-fingered with marine sediments of the Mezcalera Formation, which consists of interbedded limestones, and detrital sedimentary rocks with grains that range in size from siltstones to sandstones predominantly composed of either quartz or carbonate grains. The fossils seen in Mezcalera sediments (Photo 7.1) suggest that its original depositional environment was a shallow marine setting. Further evidence of a shallow marine depositional environment is provided by the cross-bedding seen in detrital layers, which is indicative of wave action that is able to disturb sediments.

For the 2021 resource estimation area, Figure 7.4 shows the schematic stratigraphic column: the Mezcalera sediments intruded by various volcanic and intrusive rocks. Figure 7.5 shows the near-surface geology in the resource estimation area, marked with the locations of four section lines use to show typical cross-section in Figure 7.6 through Figure 7.9. Photo 7.2 and Photo 7.3 show photographs of drill core for the main lithologies and for the different types of breccia encountered at Cordero.

Photo 7.1 Fossil-rich sediments from drill hole C21-528.

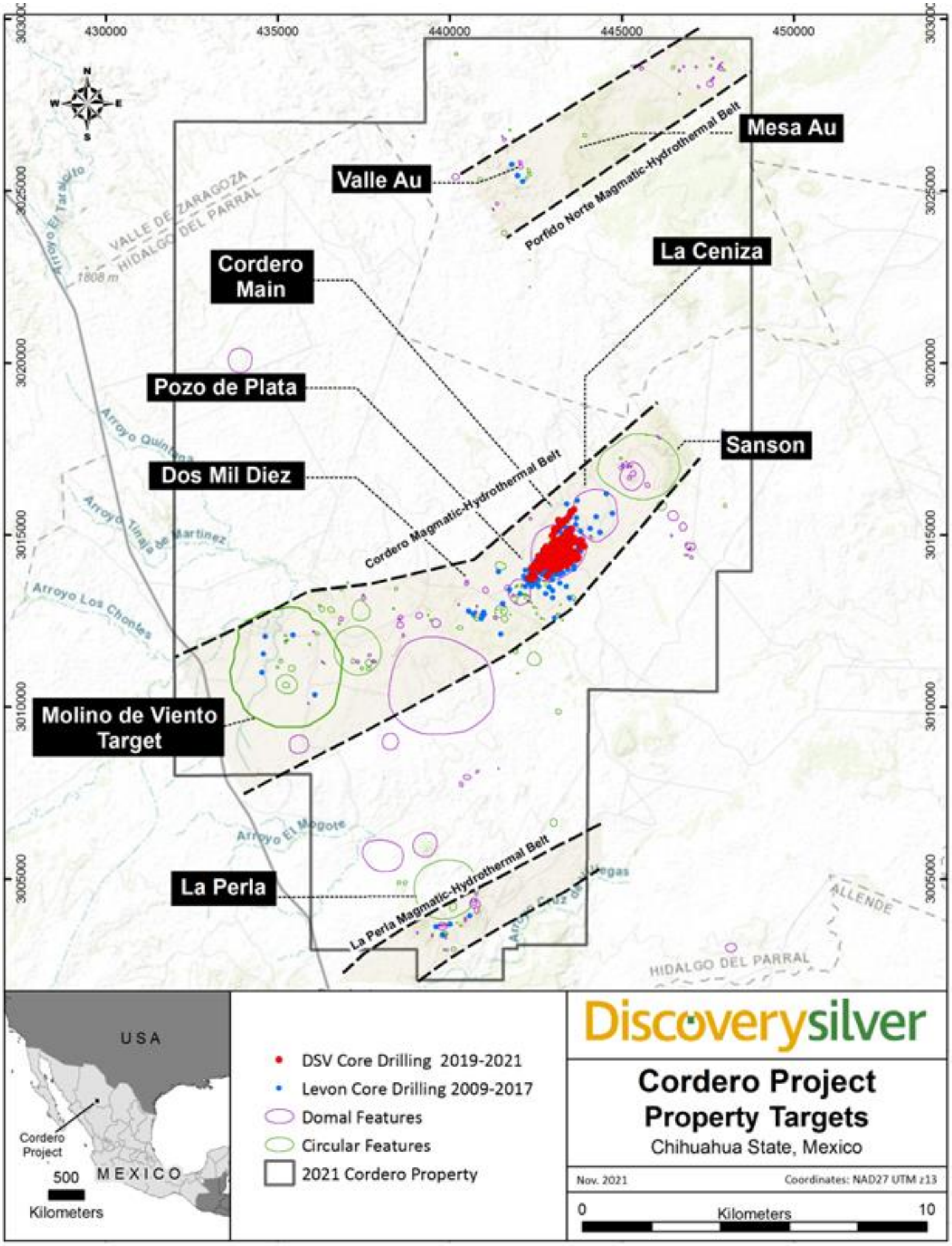


Figure 7.3 Cordero geological features and exploration target areas.

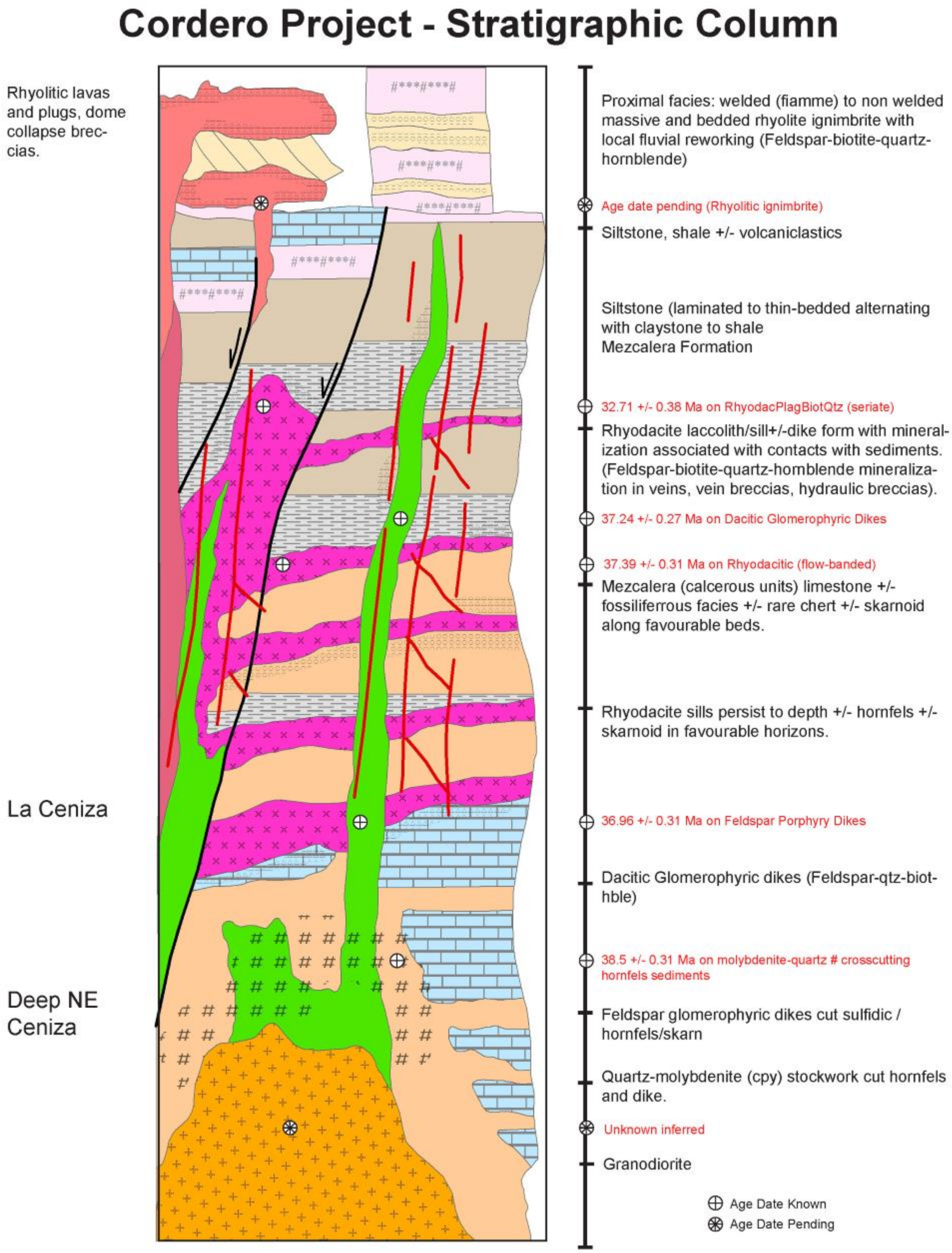


Figure 7.4 Schematic stratigraphic column in the Cordero area, including intrusive rocks.

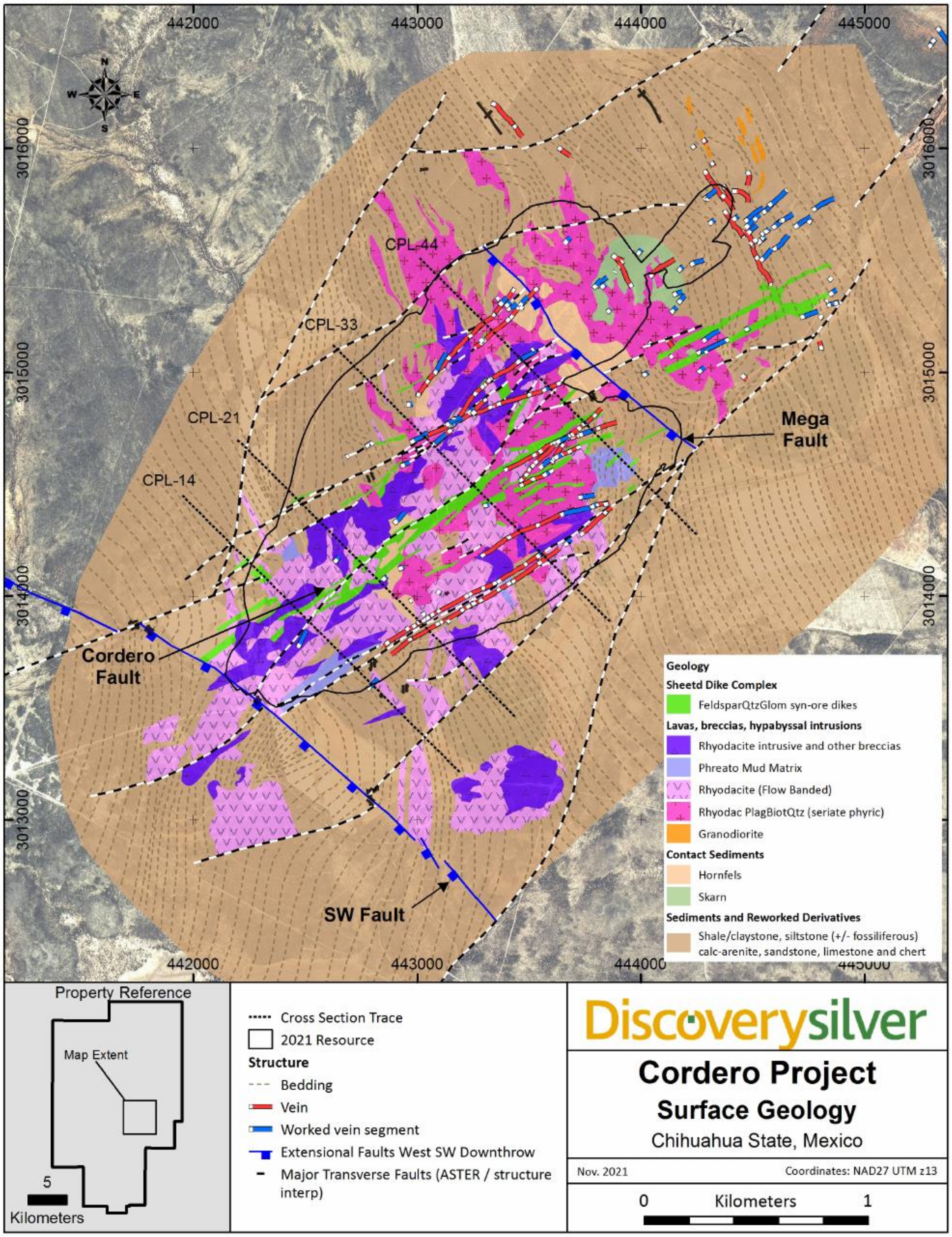


Figure 7.5 Surface geology in the Cordero Main area where mineral resources have been estimated, with locations of section lines used in the following figures.

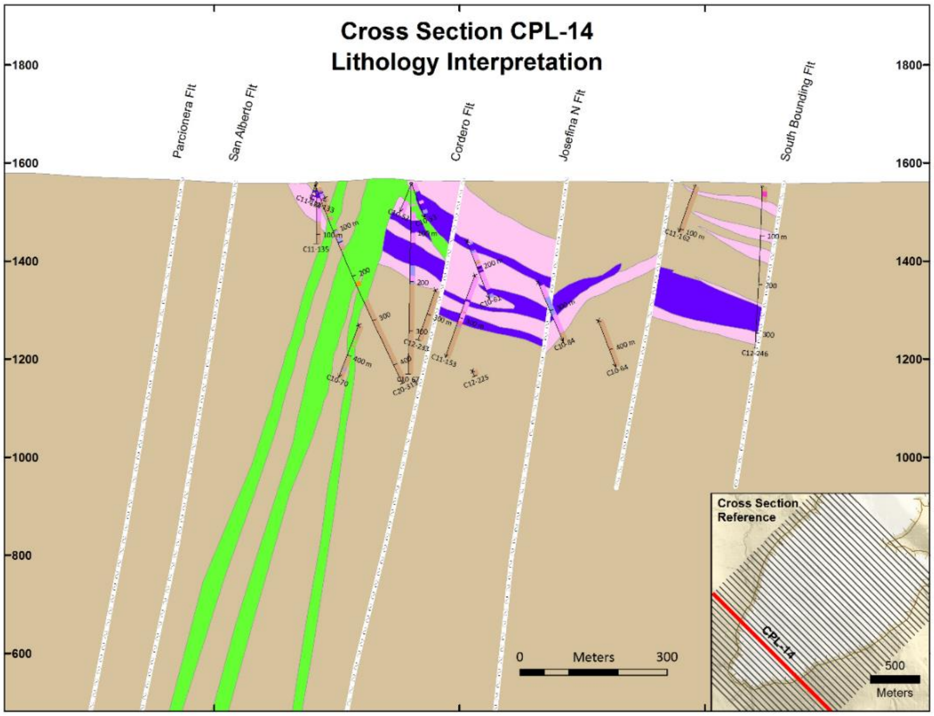


Figure 7.6 Cross-section CPL-14.

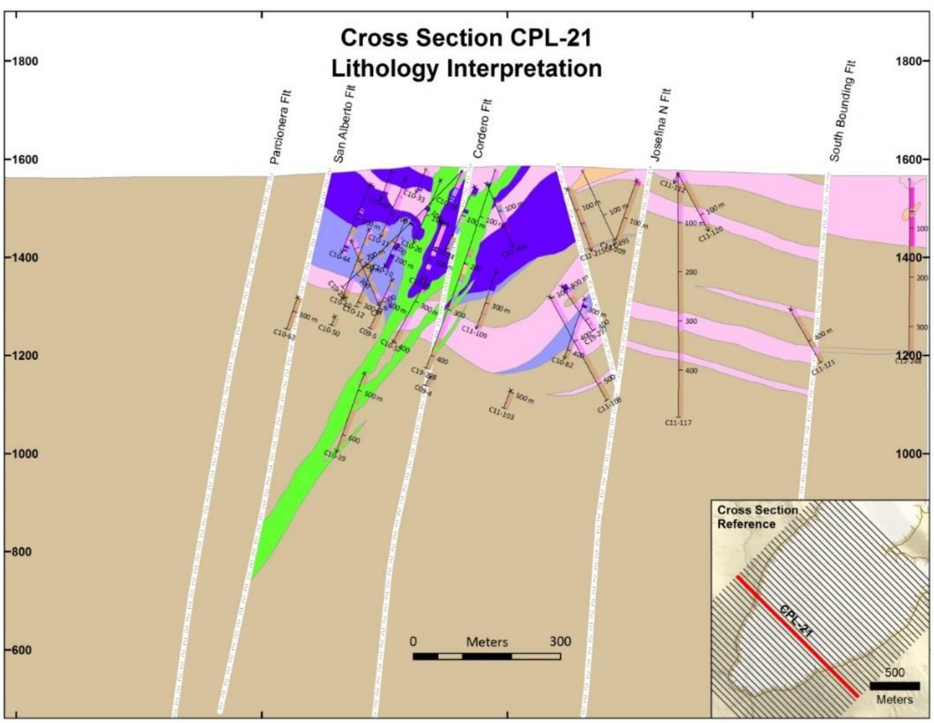


Figure 7.7 Cross-section CPL-21.

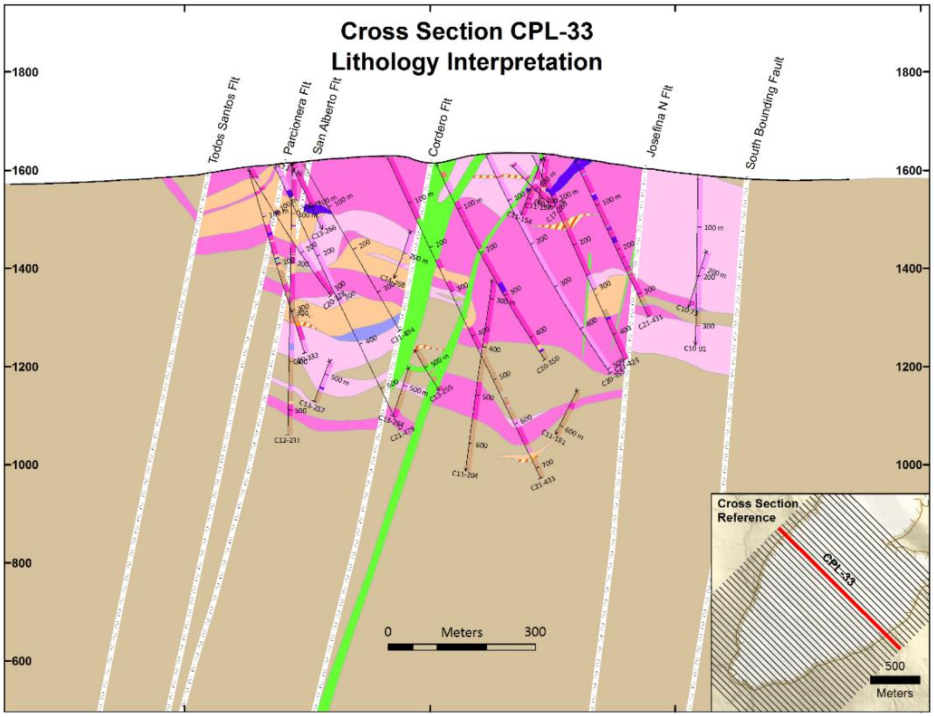


Figure 7.8 Cross-section CPL-33.

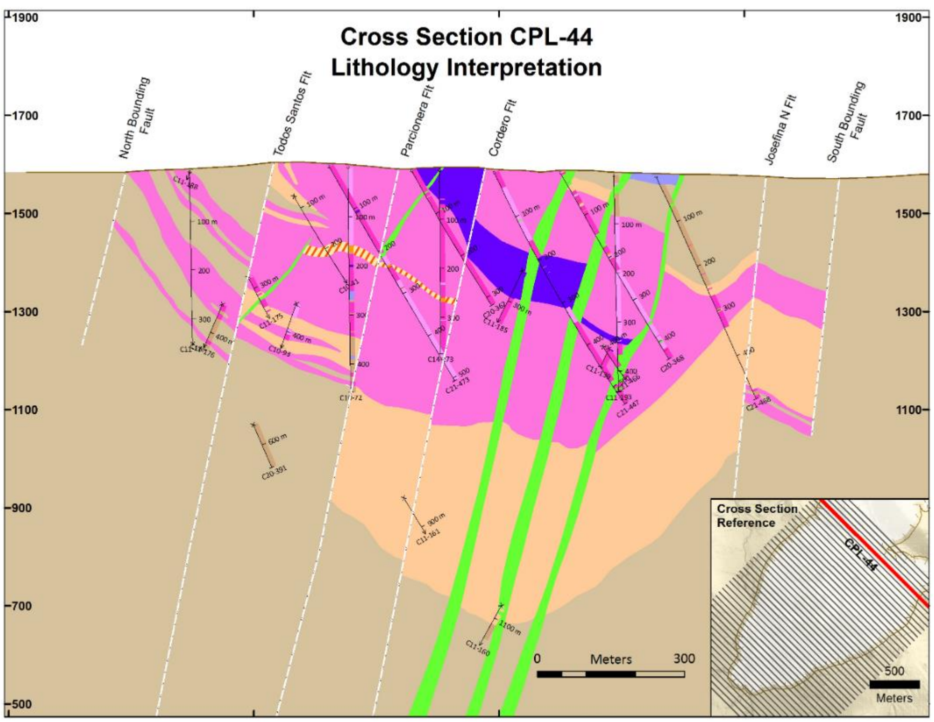


Figure 7.9 Cross-section CPL-44.

White flow banded rhyodacite

Rhyodacite (void-fill sulphide) cut by rhyodacite porphyry


Rhyodacite intrusive breccia


Lithic flow foliated rhyodacite


Glomerophyric dacitic porphyry

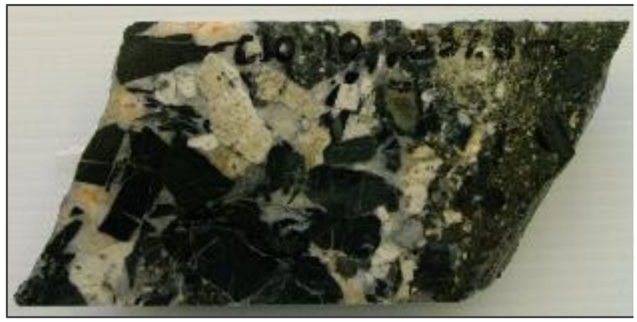

Seriate biotite rhyodacite with foreign magma


Hornfels Light Calc Sediment


Green Skarnoid (hydro-grossularite) sediment

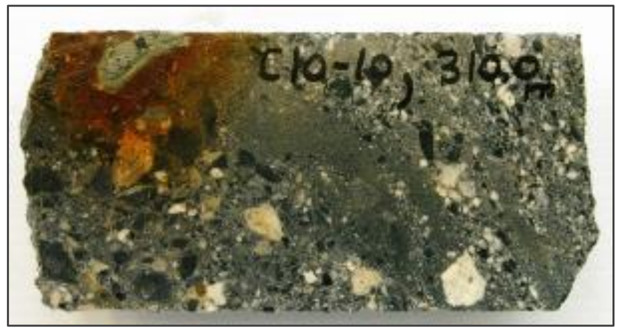
Photo 7.2 Examples of core photographs for main lithologies at Cordero.

Sedimentary collapse breccia



Rhyodacite collapse breccia cut by phreatic breccia

Rhyodacite peperite (fluidal), dark mud matrix breccia



Mud matrix breccia cut by veins of phreatic breccia

Mill matrix breccia (oxidized)

Mud matrix breccia

Photo 7.3 Examples core photographs of different types of breccia at Cordero.

<u>Mineralogy</u>

The Ag-Au-Pb-Zn content at Cordero is in sulphide minerals, with pyrite, sphalerite and galena accounting for the significant majority of metal content; lesser amounts of the metals of potential economic interest are contained in arsenopyrite, chalcopyrite, freibergite, argentite, rare pyrrhotite, and in the sulfosalts tetrahedrite and tennantite. Photo 7.4 shows several examples of select mineralization styles in drill core.

The primary gangue minerals are Ca-Fe-Mg carbonates and rhodochrosite in Mn-carbonates, adularia, quartz, barite, calcite, sericite, fluorite and chalcedony.

The rocks were altered as hydrothermal fluids percolated through interconnected faults, fractures, stockwork and along permeable lithologic contacts. The principal type of chemical alteration was caused by fluids that removed certain minerals and replaced them with their potassium-bearing cousins: adularia (a potassium-bearing alumino-silicate), potassium feldspars (orthoclase or sanidine), illite (a potassium-bearing clay), and the potassium-bearing micas: muscovite, biotite and phengite. Potassium alteration is widespread throughout the main Cordero trend and accounts for the strong coincidence between the potassium spectral band on the radiometric geophysical survey (Section 9) and the intensity of Ag-Au-Pb-Zn mineralization.

Other alteration minerals include chlorite, chalcedony (a micro-crystalline form of reprecipitated silica) and buddingtonite, an ammonium mineral sourced from sedimentary rocks and associated with epithermal deposits.

The other type of alteration observed at Cordero is due to weathering and the percolation of oxygen-rich waters through the near-surface permeable layer. The common alteration minerals at shallow depths are jarosite, (iron hydroxy sulfate) goethite (iron oxyhydroxide), hematite (iron oxide), smectite (a swelling clay) and gypsum (hydrated calcium sulfate).

Structural geology

Since the mineralization at Cordero is principally due to hydrothermal fluids that carry metals in solution, metal grades are strongly influenced by the geometry of cracks in the rock. Faults and fractures provide the structural preparation and plumbing network through which metals could have easily traveled over long distances as long as the fluid temperature and pressure remained high enough to keep them dissolved. Changes in the width or direction of open fractures would have created opportunities for fluid pressure to drop, and for metals to precipitate at that location. Bends in faults create favourable environments for development of extensional dilation zones that enhance fluid flow paths as the fracture opens up under tension along the strike of a bending fracture (at a "dilational jog"), but also create the possibility for fracture zones to become unfavourable and poorer conduits for fluids if a fracture is under compression along strike.

Discovery continues to maintain a data base of detailed information on structural geology features observed in surface mapping and in drill holes (Figure 7.10). The current resource model benefits from the information on the location and orientation of the major faults, veins and breccias.

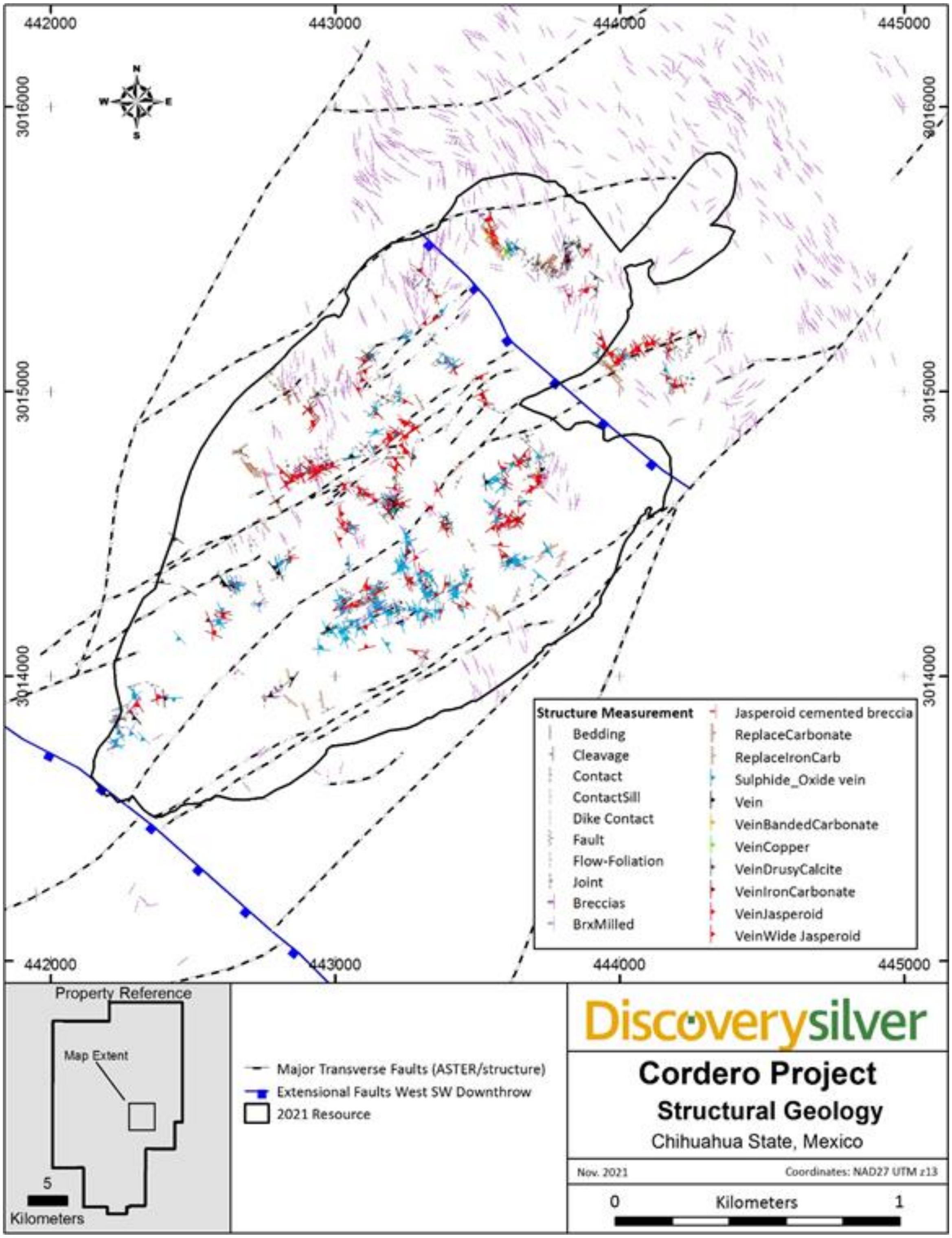
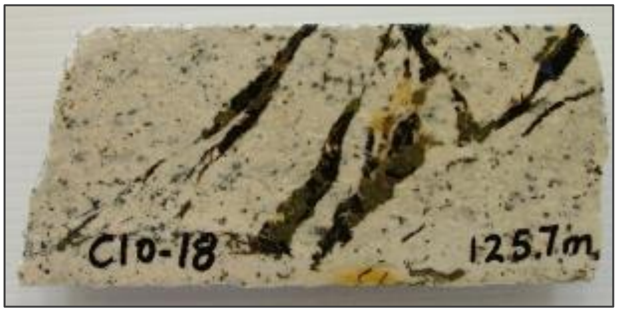


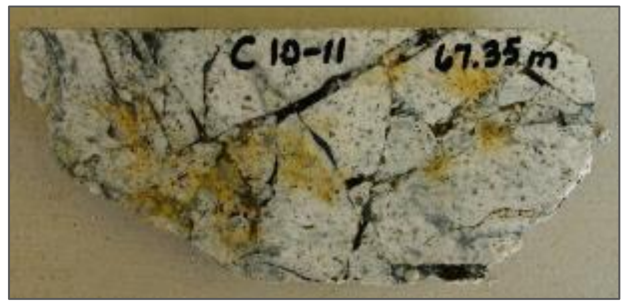
Figure 7.10 Structural geological information gathered in the 2021 resource estimation area.



Rhyodacitic cut by sphalerite-galena veins

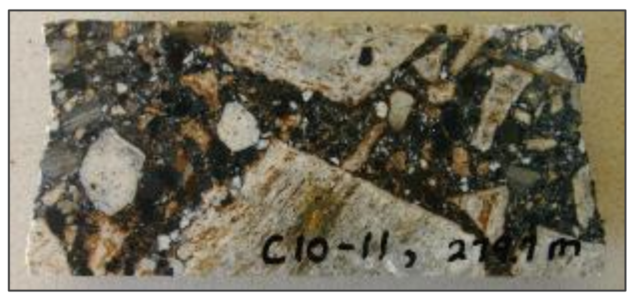
Rhyodacitic sphalerite-cemented puzzle breccia

Barite-calcite fault-fill breccia with void-fill sphalerite

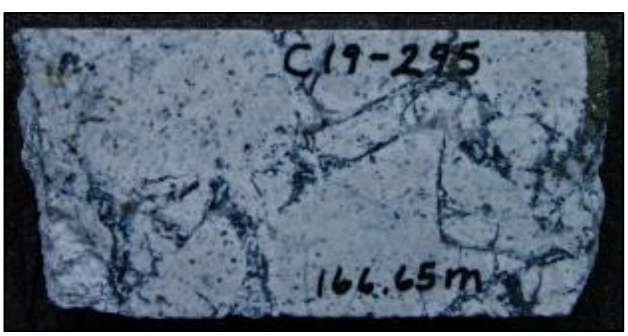


Rhyodacitic sphalerite-galena crackle breccia

Sphalerite-galena cemented puzzle breccia



Sulphide-cemented milled matrix breccia



Argentiferous galena puzzle breccia

Argentiferous galena extension vein in hornfels

Photo 7.4 Examples of mineralization styles in drill core.

Conceptual model of mineralizing processes

The conceptual model for the genesis of mineralization at Cordero is shown in Figure 7.11. Mineralized fluids from deep intrusions moved up faults and fractures at dilational jogs along a releasing bend, percolating out into the surrounding wall-rock. In places, particularly where aperture suddenly increases or where there is a dilational jog or at fault intersections, the fracture density increases forming wider damage (or structural) zones that are better mineralized with wider alteration halos. Some of these zones host veins and vein-breccias in more favourable fluid corridors. Mineralizing fluids were able to penetrate the host rocks away from open fractures, traveling through thin cracks and through the connected permeability of the intrusives and the porosity of the sedimentary host rock. The disseminate-style low-grade mineralization extends several hundred metres from the major faults and fault intersections, developing stockwork mineralization with small veinlets crisscrossing to form an inter-connected mineralize network.

In high-grade zones that are dominated by veins and vein-breccias their associated alteration halos and metal grades are continuous in directions parallel to the steeply-dipping SW-NE faults.

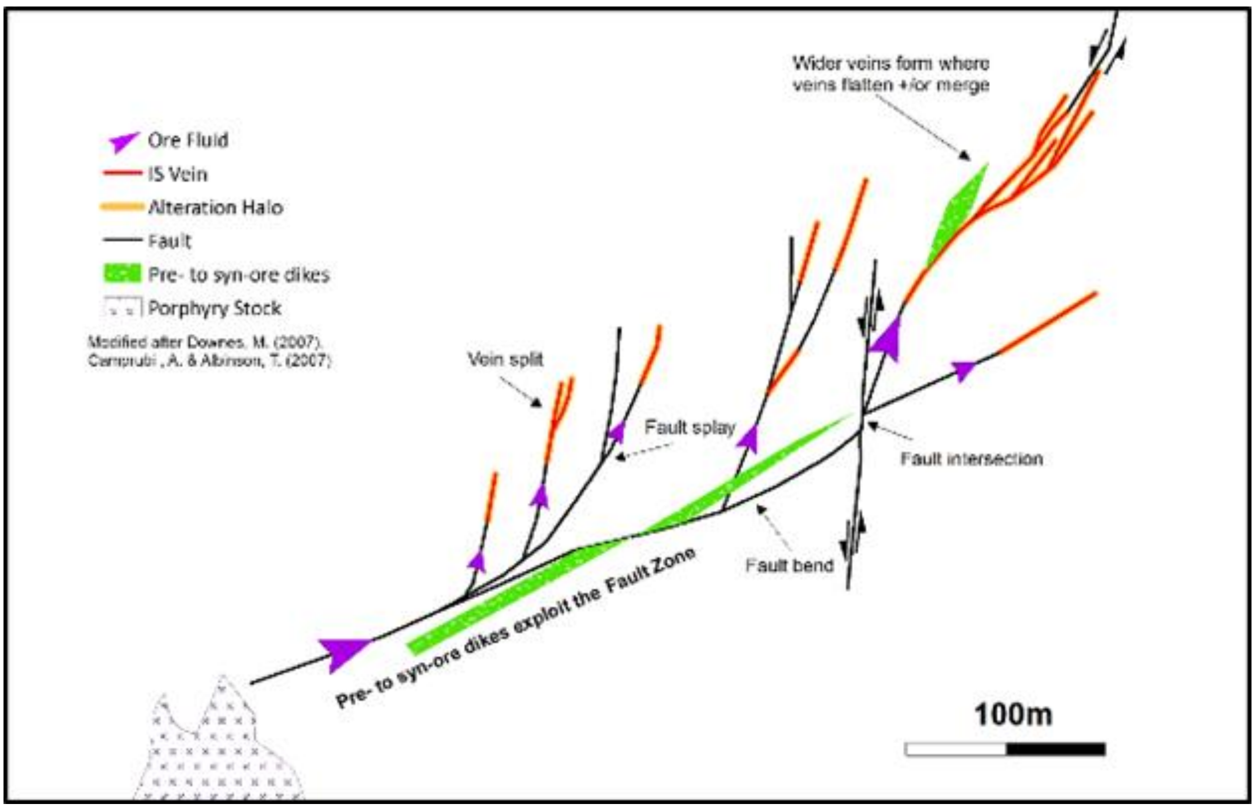


Figure 7.11 Schematic showing Discovery's conceptual model for mineralization in the Cordero Main area (adapted from [1]).

Other styles of mineralization on the property

The preceding discussion of geological controls and the conceptual model for mineralization pertain to the area where mineral resources have been calculated. Elsewhere on the property, there are several other different types of intrusive bodies, including other felsic intrusive complexes (e.g. La Perla near the southern edge), laccoliths, sills, dikes and plugs (e.g. La Ceniza, which flanks Cordero Main to the northeast), and other intrusive centers (e.g. Molino de Viento near the western edge) with associated breccias (syn-magmatic, phreatic and collapse breccias, e.g. Pozo de Plata, which flanks Cordero main to the southwest). Each of these is associated with its own unique characteristics, including a variety of geological controls, mineralization styles and mineral assemblages (not all different) some overlapping; these are reported in Section 9, which discusses the project's exploration targets.

8. DEPOSIT TYPE

The deposits on the Cordero property do not fit neatly into a single deposit type in any of the systems commonly used to categorize mineral deposits into groups with similar genesis. This is due, in part, to the fact that the property is large and hosts many different types of intrusions; but even within the Cordero Main area, observations from surface mapping and core logging are consistent with overlapping deposit types. Of the deposit types that have been described and named in the technical literature, the ones with most relevance to Cordero are:

- Extensional intermediate sulphidation epithermal systems like Real de Angeles in Mexico
- Carbonate-hosted Pb, Zn (Ag, Cu, Au) in manto(skarn) and crosscutting chimney style and felsic contact massive sulfides like those at Santa Eulalia in northern Chihuahua

Although breccia-hosted deposits, like Peñasquito, have sometimes been used as analogies for Cordero, this type of deposit has several characteristics not yet observed at Cordero.

Extension Intermediate Sulfidation Epithermal Systems (E-type IS)

Intermediate sulfidation in extensional environments above a deep molybdenum porphyry has recently been recognized and described in the technical literature [12]. A schematic conceptual cross-section of this type of system is shown in Figure 8.1. The identifying characteristics of this deposit type and their presence at Cordero are summarized below in Table 8.1.

Table 8.1 Characteristics of E-type IS deposits and Cordero evidence (adapted from [12]).

E-type IS deposits	Cordero	
PRIMARY CHARACTERISTICS		
Presence of Mn-carbonate in rhodochrosite	Observed in mid to late hydrothermal stage	✓
Presence of intermediate sulphidation minerals	Pyrite, sphalerite, galena, chalcopyrite, tetrahedrite and tennantite	✓
Light coloured (Fe-poor) sphalerite	Red-brown sphalerite	✓
High Ag:Au ratio (> 60)	In Cordero Main Ag:Au is well above 100 on average	✓
Extensional rift setting	High potassium volcanic rocks typical of rift setting	✓
SECONDARY CHARACTERISTICS		
Large Ag endowment	Silver accounts for >40% of in-situ metal value	✓
Occur on flanks of porphyry molybdenum deposit at depth	Encountered in hole C11-163	✓
Overlapping low sulphidation	Arsenopyrite-rich veins with gold	✓
Parent magma sourced from continental crust	Pb-Pb isotope studies indicate continental crust	✓

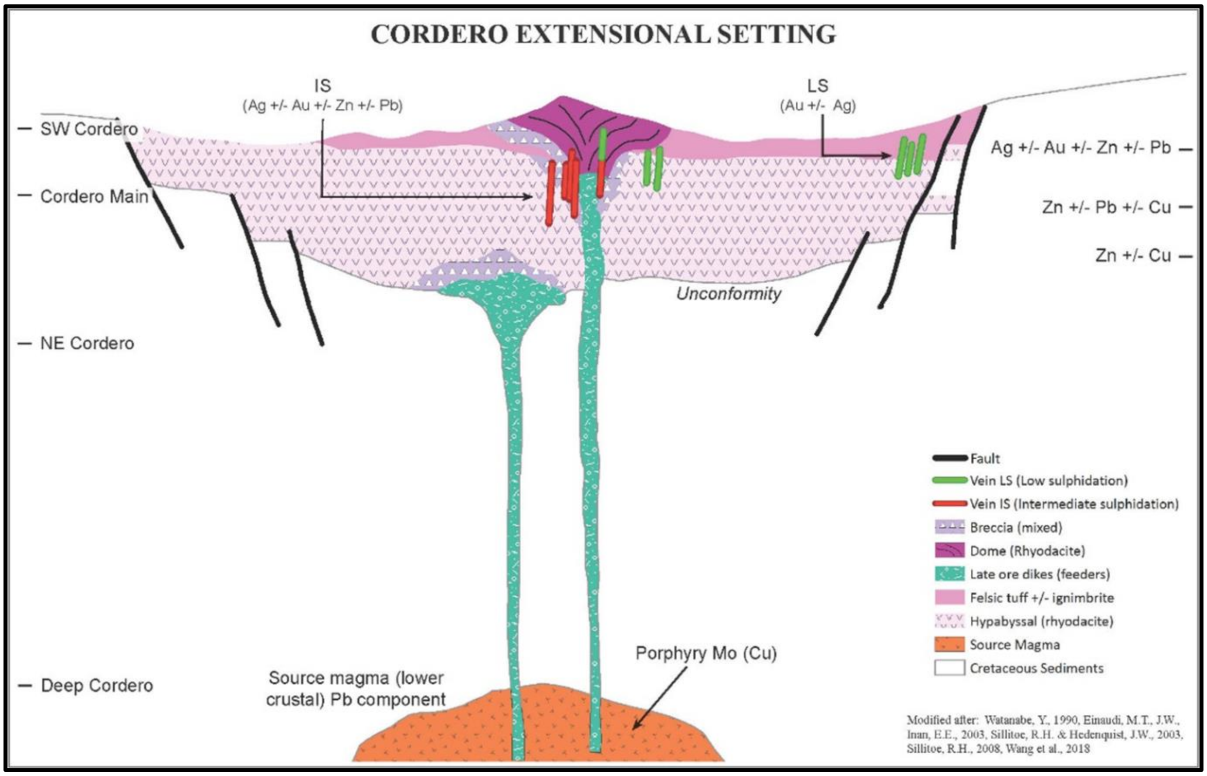


Figure 8.1 Extensional intermediate sulphidation epithermal system above the shoulder of a deep porphyry molybdenum deposit (from [12]).

All of the key characteristics described in the technical literature for E-type IS systems have been observed at Cordero, making this the single best deposit type model.

Carbonate-Hosted Pb, Zn (Ag, Cu, Au)

Northern Chihuahua State contains many carbonate-hosted lead-zinc deposits (with varying amounts of silver, gold and copper) that have formed in varied locations including skarn-replacement, massive sulfide along sill contacts, subvertical chimney-sulfide and in manto-sulfide. Nearby intrusives are the source of the heat and fluids that drive the chemical alterations and replacement over large volumes in the adjacent sedimentary rocks. Figure 8.2 shows a cross-section of this type of system at one of the mines in the Santa Eulalia district about 150 km north of Cordero.

The identifying characteristics of this deposit type and their presence at Cordero are summarized in Table 8.2. The only geologic feature noted in Table 8.2 that has not yet been directly observed is the presence of a granodiorite stock at depth; the existence of such a stock can, however, be reasonably inferred from magnetic high domains in earlier surveys. The places on the Cordero property where carbonate-hosted Pb, Zn (Ag, Cu, Au) mineralization is best expressed are La Ceniza, the northeast of Cordero Main, and the deeper parts of Pozo de Plata.

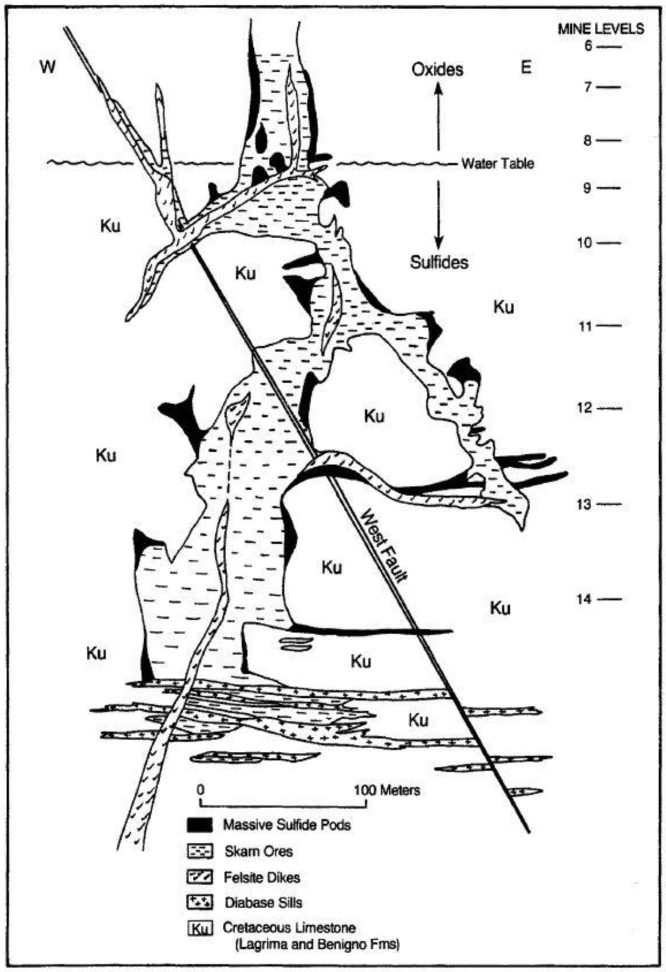


Figure 8.2 Cross-section through the carbonate-hosted replacement deposit (sulfide manto/chimney) at the San Antonio Mine in the Santa Eulalia mining district (from [13]).

Conclusion

Cordero has many similarities with both of the deposit types described above. In the heart of Cordero Main, where the felsic domal feature dominates the mineral resource modeling area, the best model, if one has to be chosen, is the E-type IS Epithermal System model.

The carbonate-hosted model with replacement mantos and crosscutting chimneys is best suited to the La Ceniza area that covers the northeastern tip of the resource block model.

Table 8.2 Characteristics of carbonate-replacement deposits and Cordero evidence (adapted from [14]).

Carbonate-hosted Pb, Zn, (Ag, Cu, Au)	Cordero	
GEOCHEMISTRY		
Silver values > 400 ppm	Many silver assays in the thousands of ppm	✓
Multielement chemistry includes Au, Zn, Pb, Cu, Mn, Mo, As, W, V, and Cd	Multi-element chemistry includes Au, Zn, Pb, Cu, Mn, Mo, As, W, V, and Cd	✓
MINERALOGY		
Silver-bearing manganese oxide	Present	✓
Skarn minerals	Grossularite and andradite present	✓
Molybdenite	Present	✓
Variety of sphalerite colours	Marmatite (Fe-rich) to light (Fe-poor)	✓
Barite	Present in late-hydrothermal veins and faults	✓
Fluorite	Present in late-hydrothermal fluids	✓
STRUCTURE		
Deep crustal structural control	WNW-ESE basement and transcurrent fault zones	✓
INTRUSIVE SOURCE OF HEAT AND FLUIDS		
Presence of felsic intrusive rocks	Rhyolites and rhyodacites present	✓
Presence of granodiorite stock	Not directly observed, but reasonably inferred	?
Skarn in contact with dikes, sills or stocks	All observed at Cordero	✓
ZONATION AND TRENDS AWAY FROM THE CAUSATIVE DIKE, STOCK OR SILL		
Increasing Pb and Zn without Ag or Cu	Locally developed increase in base metal grades to the northeast of Cordero Main	✓
Open-space filling	Very common	✓
Collapse breccias	Very common	✓

9. EXPLORATION

The deposit types discussed in the previous section are all challenging exploration targets for many reasons including the fact that approximately 80% of the Cordero Project is covered with alluvium and talus deposits.

A variety of geophysical tools have been utilized to aid in identification of areas of interest at Cordero including:

- Induced Polarization surveys (IP) where high pyrite contents (5-20%), a key characteristic of all deposit types discussed above, is defined by IP-chargeability and resistive intrusive complexes are defined by IP-resistivity as highs.
- Radiometric surveys where Potassium (K%), a key characteristic of all deposit types discussed above, provides a guide to higher temperature alteration in potassium feldspar (e.g., orthoclase, sanidine) as well as potassium bearing adularia-sericite, and hence may aid as a guide to erosion levels where adularia occurs at higher and cooler fluid emplacement levels.
- Magnetic surveys where magnetitic highs might represent buried pyrrhotite-pyrite mineralization, an intrusion, or skarn-replacement horizon (pyrrhotite-magnetite).
- EM surveys where conductivity (or lack thereof) is measured and hydrothermal alteration might create an EM response. Alteration along structures and key fault intersections are often highlighted with EM surveys.

In addition, structurally controlled deposits are best defined by remote sensing tools including structural interpretations from satellite-based ASTER imagery to define:

- Major regional long-range WNW-structures intersected by NE-trending structures that parallel major terrane boundaries.
- Structural/alteration targets at structural intersections.
- Magmatic-hydrothermal trends including domal and circular features.

Geological and geochemical mapping and sampling programs to define:

- High silver values (Ag), high copper (Cu) and/or high (Mo) values suggesting proximity to an intrusion-related hydrothermal systems.
- Vein-, stockwork-, breccia-, fault-, shear-related to IS mineralization.
- Alteration type and zonation from IS mineralization (adularia-sericite) outwards,.
- Vein-gangue and vein-sulfide definition.

Earlier in this report, Figure 7.3 showed the main targets on the Cordero Property. On this figure, the resource modeling area is shown in red. The discussion of exploration that follows summarizes the main activities on Cordero Main and on the other targets across the property.

Geophysics

The geophysical surveys conducted by previous owners have helped identify target areas. One of the strongest geophysical predictors of strong mineralization is the potassium spectral band of radiometric surveys. As shown in Figure 9.1 below, the strong potassium anomalies coincide with areas of strong Ag-Au-Pb-Zn mineralization that have been confirmed by drilling.

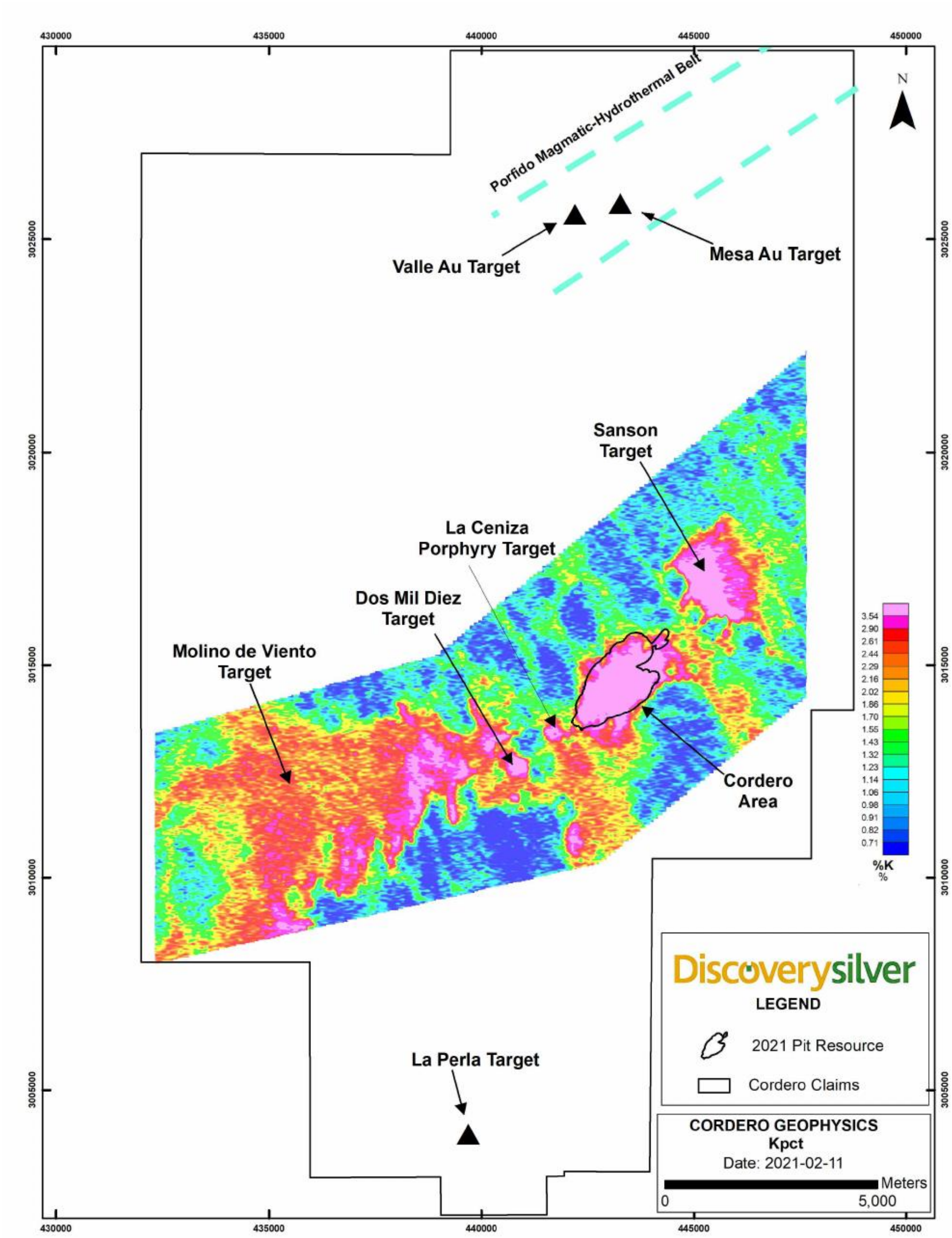


Figure 9.1 Potassium spectral band from radiometric survey over the central magmatic belt.

Detailed Geological Mapping

Priority areas

In 2021, the Discovery Silver Corp. team completed detailed geological mapping over known targets identified during historic exploration campaigns totaling an area of 15.1 km^2. These targets include Sansón-La Ceniza (5.9 km^2), Dos Mil Diez (6.4 km^2), and Molino de Viento (2.0 km^2). There is also a favourable tract between Dos Mil Diez and Molino de Viento (0.8 km^2) that is abbreviated as DMD-MV in the discussion that follows. These mapped targets cover a favourable NE-trending, 15 km long, magmatic-hydrothermal corridor from Molino de Viento in the southwest to Sansón in the northeast (Figure 9.1). These targets have formed along two mineralized sinistral releasing bends (Figure 9.2).

The targets were evaluated using a variety of datasets including an ASTER/structural interpretation (Figure 9.2), historic rock and soil geochemical sampling and geophysical surveys including airborne magnetics, electromagnetics, and 3D induced polarization as presented in Section 6 of this report.

Geological information collected in the field was plotted daily onto fact maps followed by interpretive geological maps and then digitized by an in-house ArcGIS specialist. The representative rock samples collected for geochemical analysis are maintained by an in-house data base administrator with geological data including location, lithology (composition, texture), alteration (assemblage), structure (type, orientation), mineralization (style, type) and any other relevant information like nearby historic pits.

In the maps shown in the following subsections for each target, the colours used in each target geological map correspond to the lithologic legend shown on the map in Figure 7.5.

Sansón Target

Sansón is the furthest northeast target along the Cordero magmatic-hydrothermal trend (Figure 9.1).

- Sansón is underlain by a thick sequence of limestone, calcareous shale, calcarenite, cherty siltstone and sandstone, part of the Cretaceous Mezcalera Formation.
- Sediments are folded into a series of NW-trending chevron-folds that are locally overturned.
- Sedimentary sequence is intruded by a rhyodacitic sill complex that is folded into NW-trending folds, plunging to the northwest- and the southeast.
- More reactive limey units of the sedimentary sequence show the effects of contact metamorphism in hornfels and skarn with local development of quartzite and garnet-bearing skarn.
- Sedimentary rocks and rhyodacitic sills are crosscut by NE-striking bodies of biotite-hornblende porphyry dikes.

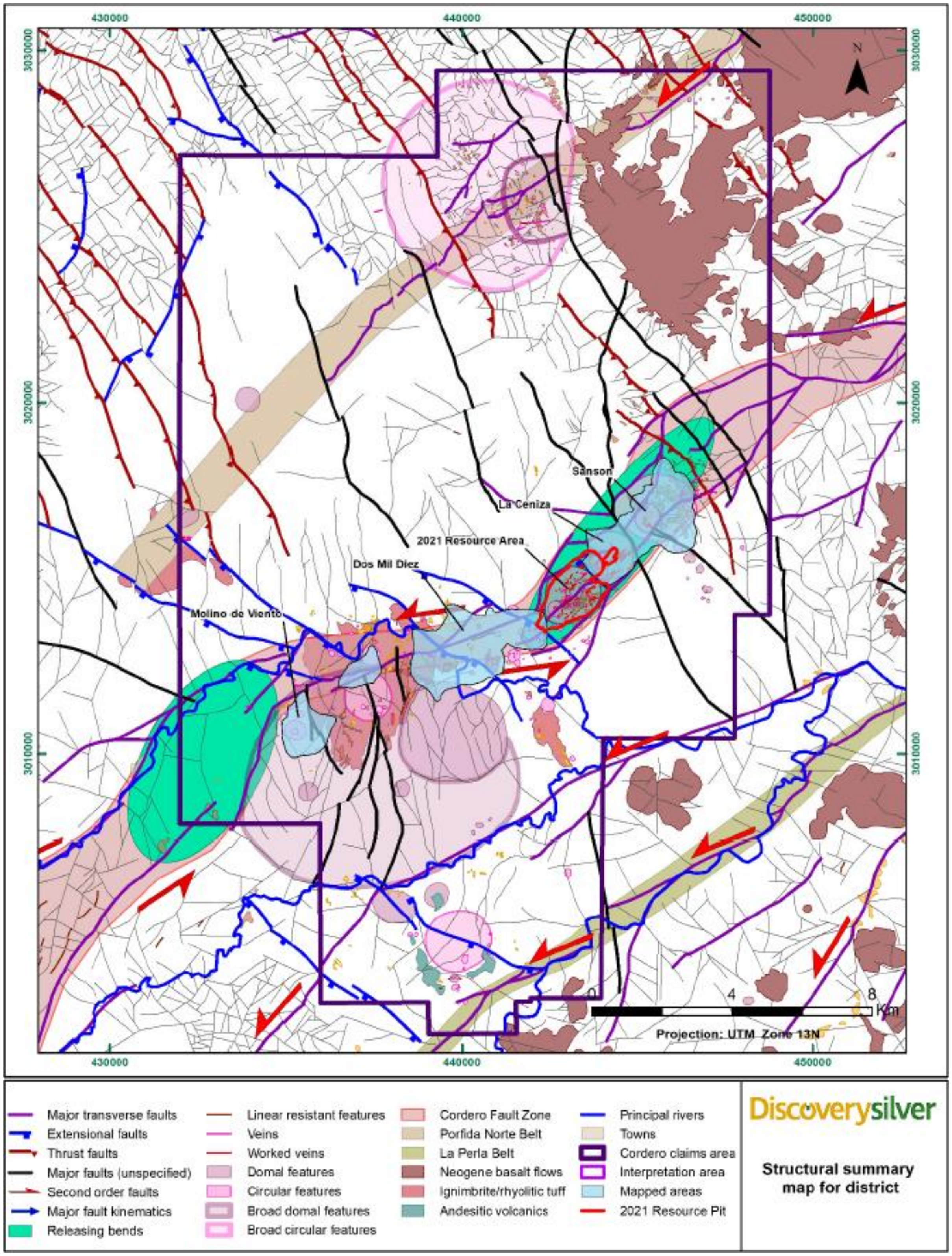


Figure 9.2 Major structural features identified by ASTER structural study.

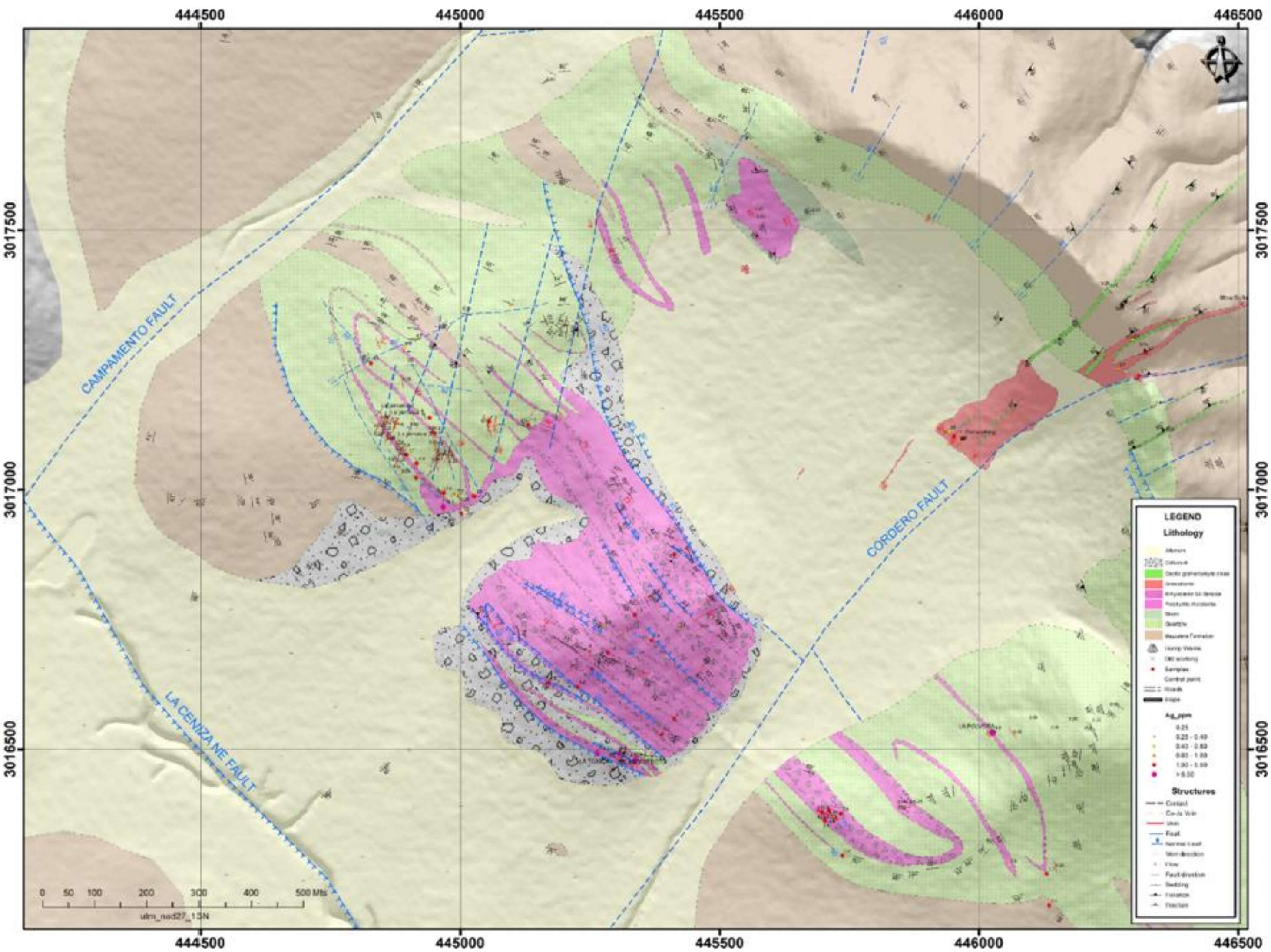


Figure 9.3 Sansón geological map.

Sansón is crosscut by the northeast extension of the Cordero fault zone from the resource area.

- Sansón is crosscut by two major NE-trending strike slip faults, the Cordero Fault and the Campamento Fault as well as a series of NNE subsidiary faults.
- On the northwest side of Sansón jasperoid veins occur composed of chalcedony, pyrite, iron oxide and silica.
- Southwest Sansón is crosscut by a NW-trending structure, interpreted as a steeply SW-dipping normal fault, the La Ceniza Fault, with a southwest downthrow, like the Mega Fault further to the southwest.

La Ceniza Target

The La Ceniza target (Figure 9.4) is located immediately southwest of Sansón with similar geological characteristics including:

- Cretaceous Mezcalera formation sediments.
- Concordant intervals with hornfels contact metamorphism, dipping moderately to steeply the northeast.
- Rhyodacitic sills and lithic/contact/collapse breccias intrude sedimentary wall rocks, in the southwest and northeast.
- NE-trending sheeted glomerophyric dacitic dike complex exploits the Cordero and parallel faults.
- Silver and base metal veins exploited by late-stage hydrothermal jasperoid-carbonate, the NE-trending extension of the veins exploited at the resource area.
- NW-trending, steep SW-dipping vein, vein-breccias cemented by carbonate/jasper occur in the SW parts of La Ceniza along structures parallel to the Mega Fault, a normal fault, downthrown to the southwest, composed of a series of parallel fault strands.
- Directly continuous with current resource area.

Dos Mil Diez Target

The Dos Mil Diez target (Figure 9.5) consists of a refolded sequence of carbonate and shale assigned to the Cretaceous Mezcalera Formation, intruded by irregular shaped plugs, and a single NE-trending body of rhyodacitic porphyry. Mapped contact relationships indicate that the earlier porphyry is crosscut by rhyolitic welded ignimbrite and associated rhyolitic tuff along NNW-trending linear bodies, with rhyolitic quartz-feldspar porphyry, part of the late Tertiary ignimbrite along fissure-related volcanic structures.

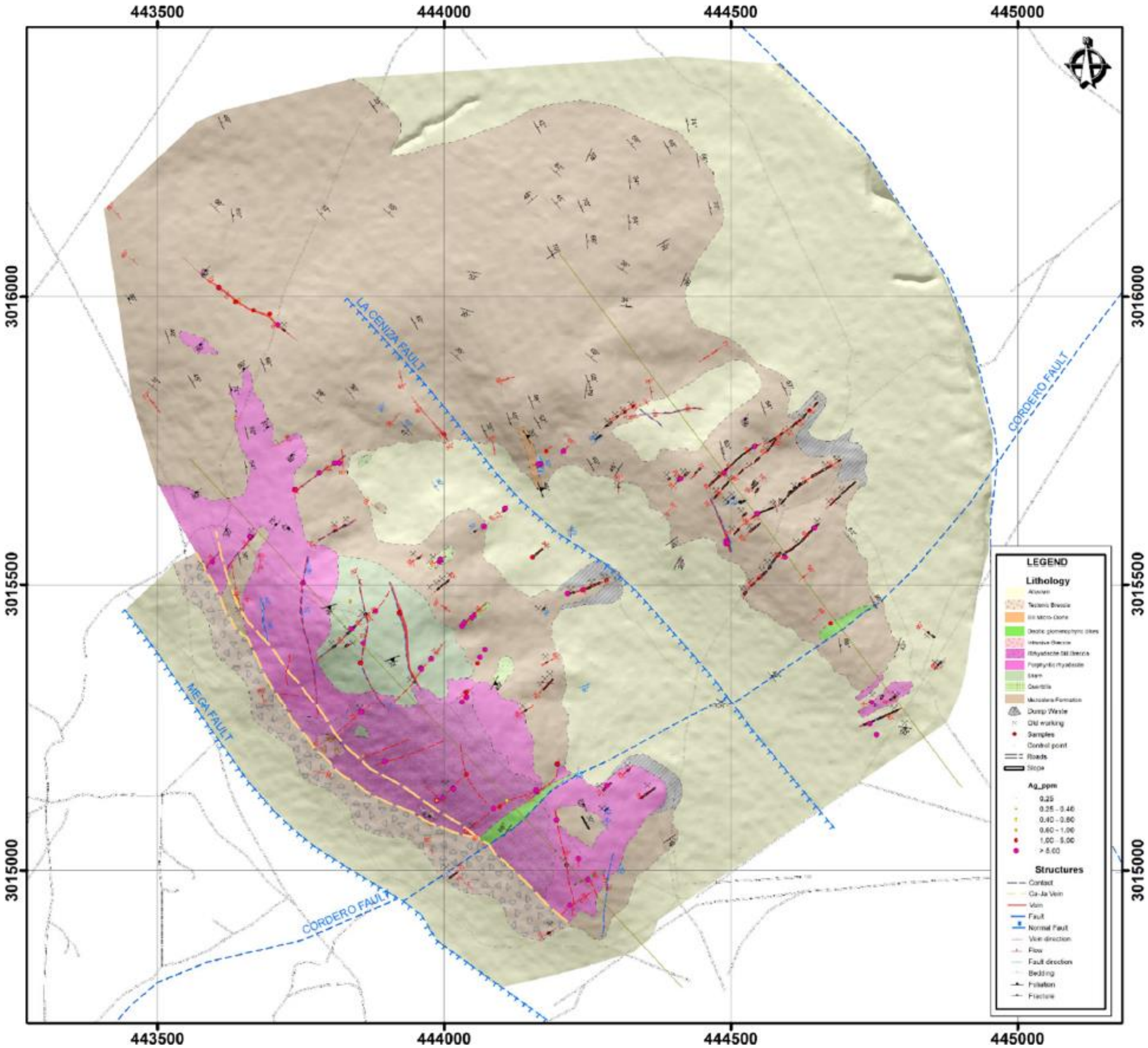


Figure 9.4 La Ceniza geological map.

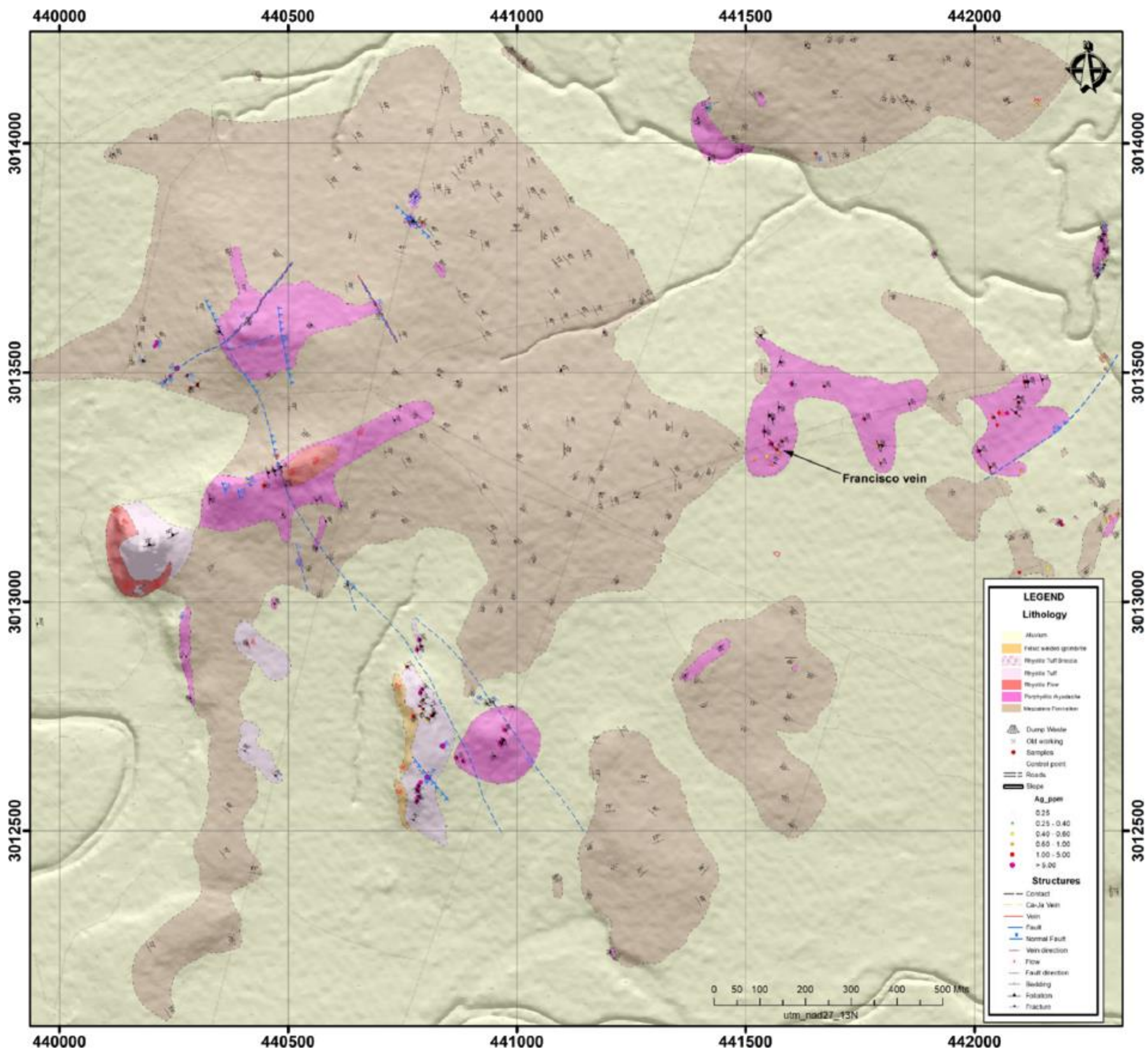


Figure 9.5 Dos Mil Diez geological map.

In conjunction with the analysis of geochemical results, field mapping at Dos Mil Diez indicates that major anomalies are closely related to, or controlled by, NNW- to NW-trending structures. A recent discovery called the Francisco Vein was found along the main access road to the exploration camp under shallow overburden in a heavily covered area. The 40 cm vein contains silver-rich galena and sphalerite-cemented hydraulic breccia ("puzzle breccia") with grades of: 0.42ppm Au; 2,530 ppm Ag; 21.75% Pb; and 7.4% Zn.

Molino de Viento Target

The Molino de Viento target area (Figure 9.6) is crosscut by N- to NNW-trending volcanic sequence of coherent bodies of rhyodacitic volcanic/subvolcanic rocks with welded rhyolitic ignimbrite and rhyolitic crystalline-lithic ash tuffs with polymictic breccias with altered clasts of locally derived lithologies. This area requires further surface reconnaissance to determine if it is a true diatreme.

Between Dos Mil Diez and Molino de Viento

The geological mapping for the DMD-MV area is currently in progress. The geology of a target area immediately west of Dos Mil Diez is dominated by a volcanic sequence of rhyolitic welded ignimbrites with a distinctive texture that consists of centimetre-scale lenses (called "fiamme" from the Italian word for flame), intercalated with crystal-lithic tuff and wide bodies of coherent rhyolite porphyry. Rhyolitic pyroclastic rocks form along linear NW-trends, suggesting fissure-controlled volcanism. Mapping defined small bodies of dark grey to black magnetic quartz diorite with an age-date pending.

Rock Sampling

During the regional geological mapping program, geologists conducted a systematic rock sampling program on bedrock exposures and in accessible historic pits, and shafts. Float samples and dump samples of mining workings were not sampled. There is a significant proportion of geologically mapped areas covered by alluvium or talus deposits, so rock sample distribution varies target to target depending on bedrock exposures.

Methods

- Sampling methods included rock panel sampling over a specified outcrop area, and channel rock chip sampling perpendicular to mineralization of interest (structure, vein, breccia, fault, shear).
- In most cases, rock chips were obtained using chisel and a sledgehammer or, in rather flat surfaces, the field team used a cutting saw.
- Sampling protocol was aimed to obtain from 3 to 4 kg of rock sample, removing any contaminant material such as soil or other of biological origin (i.e., roots or plants).

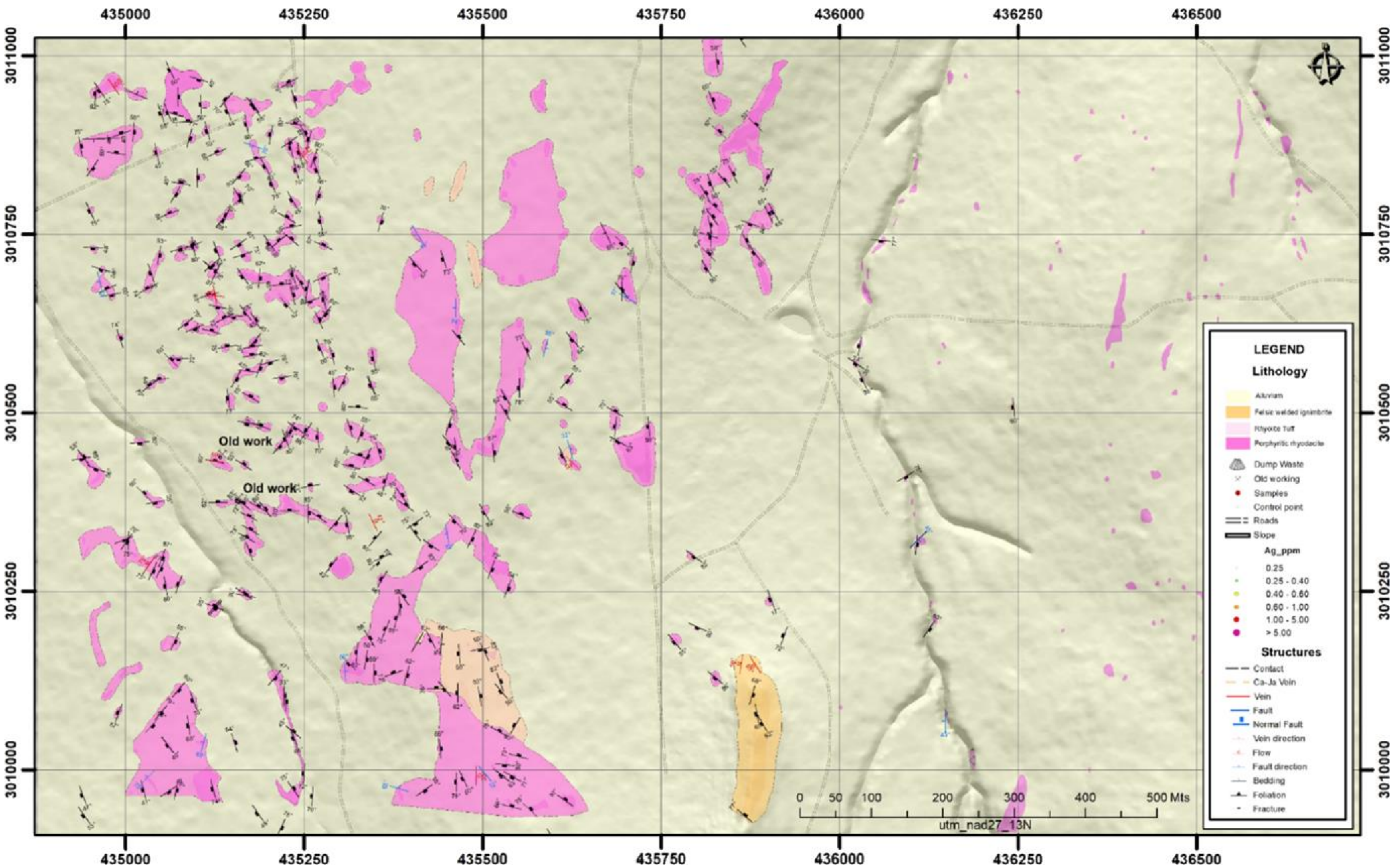


Figure 9.6 Molino de Viento geological map.

- The rock samples collected were separated into barren wall rock versus mineralized wall rock by lithology type, alteration-type, structure-type and mineralization-styles to obtain a truly representative geochemical result, and avoiding sampling bias.
- Sample locations were determined using a hand-held Garmin GPS, and labeled by marking the sample bag and inserting a tag following an in-house numeration.
- A sampled area or channel was marked with fluorescent paint and aluminum tag with the sample number nailed on bedrock surface for future verification and follow up.

An Excel spreadsheet is updated daily to include all information pertaining to each rock sample (sample ID, coordinates, elevation, sample type, sampled media, lithology, alteration, structure, mineralization). By the end of October 2021, Discovery's field geologists had collected a total of 624 rock samples: 363 rock chips on outcrops, and 261 samples collected on channels.

Geochemical Results

Analytical methods, quality assurance, and security

The regional rock sampling program used the same analytical methods, quality assurance and security protocols used for the drilling as summarized in Section 11 of this report.

Significant surface rock sample results

Table 9.1 summarizes the significant results from the analysis of surface rock samples.

La Ceniza:

One of the best samples (Sample # 800066) was from a 40 cm wide vein, open-space fill silver-rich galena and sphalerite vein, exploited by late-stage carbonate and jasperoid returning 0.68 ppm Au, 387 ppm Ag, 61.6% Pb, 1.32% Cu and 5.95% Zn.

Dos Mil Diez:

One of the best samples (Sample #800415) collected from the new discovery at the Francisco vein returned values of 0.42 ppm Au, 2,530 ppm Ag, 21,750 ppm Pb, 7,400 ppm Zn with several other channel samples in the area returned values > 100 ppm Ag.

Sansón:

One of the highest samples from the Ximena mine (Sample #800288) at Sansón returned 0.73 ppm Au and 1.7 ppm Ag with low levels of lead and zinc from a succession of limestones and shales assigned to the Mezcalera Formation crosscut by pyrite veinlets.

Table 9.1 Significant analytical results for surface rock samples from exploration targets.

Target	Trench #	Sample #	Width (m)	Au (ppm)	Ag (ppm)	Cu (ppm)	Pb (ppm)	Zn (ppm)
La Ceniza	ECTRH-0001	800002	0.55	0.190	217.0	2000	84400	31400
La Ceniza	ECTRH-0002	800003	1.30	0.255	128.0	1365	24400	86900
		800004		1.250	297.0	2780	50400	23500
		800005		0.089	197.0	2140	21000	7910
La Ceniza	ECTRH-005	800012	0.70	0.128	82.6	48	778	503
La Ceniza	ECTRH-0031	800066	0.50	0.683	387.0	1320	61600	5950
La Ceniza	ECTRH-0032	800067	2.85	0.027	107.0	206	18600	5740
		800068		0.144	113.0	206	18600	5740
		800069		0.168	279.0	443	31800	13250
		800070		0.031	164.0	403	48800	12400
		800072		0.108	268.0	188	30700	5860
		800073						
La Ceniza	ECTRH-0033	800074	0.80	0.03	234.0	3010	32000	27300
		800075		0.09	109.0	942	20300	1240
La Ceniza	ECTRH-0034	800076	1.30	0.036	154.0	378	12450	21800
		800077		0.074	86.1	1220	21400	83400
		800078		0.053	362.0	1710	64500	89000
La Ceniza	ECTRH-0036	800082	0.80	0.340	81.0	1370	24900	71200
		800084		0.506	89.5	1680	45600	16000
La Ceniza	ECTRH-0037	800085	0.50	0.322	81.9	262	13950	3220
La Ceniza	ECTRH-0039	800088	0.30	0.366	138.0	621	11500	18200
La Ceniza	ECTRH-0041	800094	0.40	1.0650	71.8	374	5600	6670
La Ceniza	ECTRH-0043	800098	1.50	0.540	85.10	2940	47200	2770
		800099		0.195	196.0	1300	9880	9710
		800101		0.309	197.0	2320	4740	7340
La Ceniza	ECTRH-0070	800161	0.50	0.064	231.0	702	16450	14900
La Ceniza	ECTRH-0071	800162	0.45	0.117	115.0	899	13050	27500
La Ceniza	ECTRH-0072	800163	1.40	0.354	131.0	1565	53300	822
		800226		0.126	86.4	1175	28100	16250
La Ceniza	ECTRH-0117	800238	0.50	0.079	184.0	197	10900	3940
La Ceniza	ECTRH-0156	800288	0.60	0.736	1.70	104	33	45
La Ceniza	ECTRH-0236	800396	0.50	2.45	12.0	9	943	603
La Ceniza	ECTRH-0238	800398	0.60	0.168	88.1	20	778	315
La Ceniza	ECTRH-0253	800415	0.40	0.42	2530	506	21750	7400
Dos Mil Diez	ECTRH-0253	1034	0.40	1.155	19.4	17	64	445

Interpretation of Results from Exploration Targets

Northeast targets

- Like the resource area, NNW-trending rhyodacitic sills, and larger intrusive bodies exploit the Cretaceous sedimentary rocks of the Mezcalera Formation.
- Like the resource area, NE-trending glomerophyric dacitic dikes exploit the northeast extension of the Cordero Fault at La Ceniza and Sansón targets.
- Like the resource area, the La Ceniza target is host to skarn/hornfels with both manto-style replacement sulfide as well as crosscutting argentiferous galena and sphalerite veins NE- and NW-trending.
- At La Ceniza deep, porphyry Mo-(Cu) in quartz-molybdenite stockwork crosscuts earlier hornfels/skarn and all are cut by pyrite-rich veins.
- NE-trending biotite/hornblende porphyry dikes exploit the Cordero Fault Zone and appear to be earlier than the glomerophyric dacites.
- La Ceniza is dissected by several late extensional NW-trending, down-to-southwest normal faults comprised of a series of parallel fault strands including the Mega Fault, and the La Ceniza Fault with a significant downthrow between La Ceniza and Sansón targets.
- SW La Ceniza, towards the northeast part of the resource area, the Mega Fault has controlled the emplacement of late-stage hydrothermal carbonate veins and vein breccias that locally host mineralized vein clasts.
- Like the resource area, the La Ceniza and Sansón targets have chevron-folds best developed in the unmetamorphosed, less competent units (shale and siltstone) cut by rhyodacitic sills.
- NW Sansón target hosts significant Ag, Pb, Zn associated with NNE-trending structural corridors, exploited by late-stage jasperoid, part of the Campamento Fault.
- In keeping with the resource interpretation, the northeast target areas of Cordero are a deeper expression of the Cordero magmatic hydrothermal system.

Southwest targets

- Southwest Cordero targets are dominated by rhyolitic welded ignimbrites with fiamme, intercalated with crystal-lithic tuffs as well as coherent bodies of rhyolitic quartz-feldspar porphyry, part of the last stage of the ignimbrite flare-up, in-part, controlled by NNW-trending fissure eruption features.
- The furthest west known target at Molino de Viento, is a succession of volcanic rocks coincident with a series of nested circular features in map view, and consist of coherent bodies of porphyritic volcanics, tuffs and possible diatreme facies.

10. DRILLING

Program Overview

Discovery Silver Corp. conducted their Phase I diamond drill campaign from September 2019 ending December 2020. Phase I was restarted in January 2020 and continued until the creation of the updated resource model, essentially to hole C21-528. All the drill holes completed after those included in the resource estimation are considered Phase II drilling and will inform the PFS in the future.

The Phase II diamond drill program planned for early January 2022 will focus on infill and expansion drilling to support a Pre-Feasibility Study as well as drill-testing of some of the high priority exploration targets. From the start of drilling to July 2021 a total of 154 holes (from C19-293 to C21-517) were completed by DSV totaling 224,148 metres drilled with 84,803 samples collected for geochemical analysis. Drilling data to July 30, 2021, was used in the current mineral resource estimate.

Phase I: 2019 drilling campaign

The Phase I drilling program started drilling at Cordero with one drill rig on September 17, 2019. A second drill was added on November 8, 2019, to advance the production and continued to mid-December 2019, breaking for Christmas.

- The Phase I program focussed on surface drilling in areas of known mineralization and lateral extensions proximal to historic workings with a focus of defining mineralization extensions, mappable lithological units, and to relate geological information captured in the historic drill data base.
- Additionally, the goal was to define the edges of high-grade mineralization recognized in the historical data that was part of the 2018 PEA document by M3 Engineering and Technology on behalf of Levon Resources Ltd [17]. Levon's PEA pit and resource outline was centered on 27° 14.36′ N, Longitude -105°, 34.09′ W.
- The orientation of drilling was intended to help with the core logging and cross-sectional interpretations. The dominant orientation of the drilling was at an azimuth of 135° at various inclinations ranging from -50° to -70°. This new orientation of drilling was successful at crossing and better delineating the dominant northeast orientation of high-grade mineralization that was recognized in the Levon historical data base.
- The naming convention used by Levon was carried forward and the first hole for DSV was named C19-293 ending in mid December 2019 at C19-309 for the Christmas break. For the year 2019, DSV completed 5,905 metres in 17 drill holes (Figure 10.1).
- Surface collar locations were initially surveyed using a handheld GPS unit, followed by an ongoing professional survey by Geo Digital Imaging de México SA de CV by Javier Tolano Jr. (Eng) during monthly visits with the last visit on September 2, 2021. The instrument used is an EMLID REACH RS2 Multi-Band RTK GNSS. The second survey captured drill collar locations ending September 2, 2021, and the Cordero property boundary.

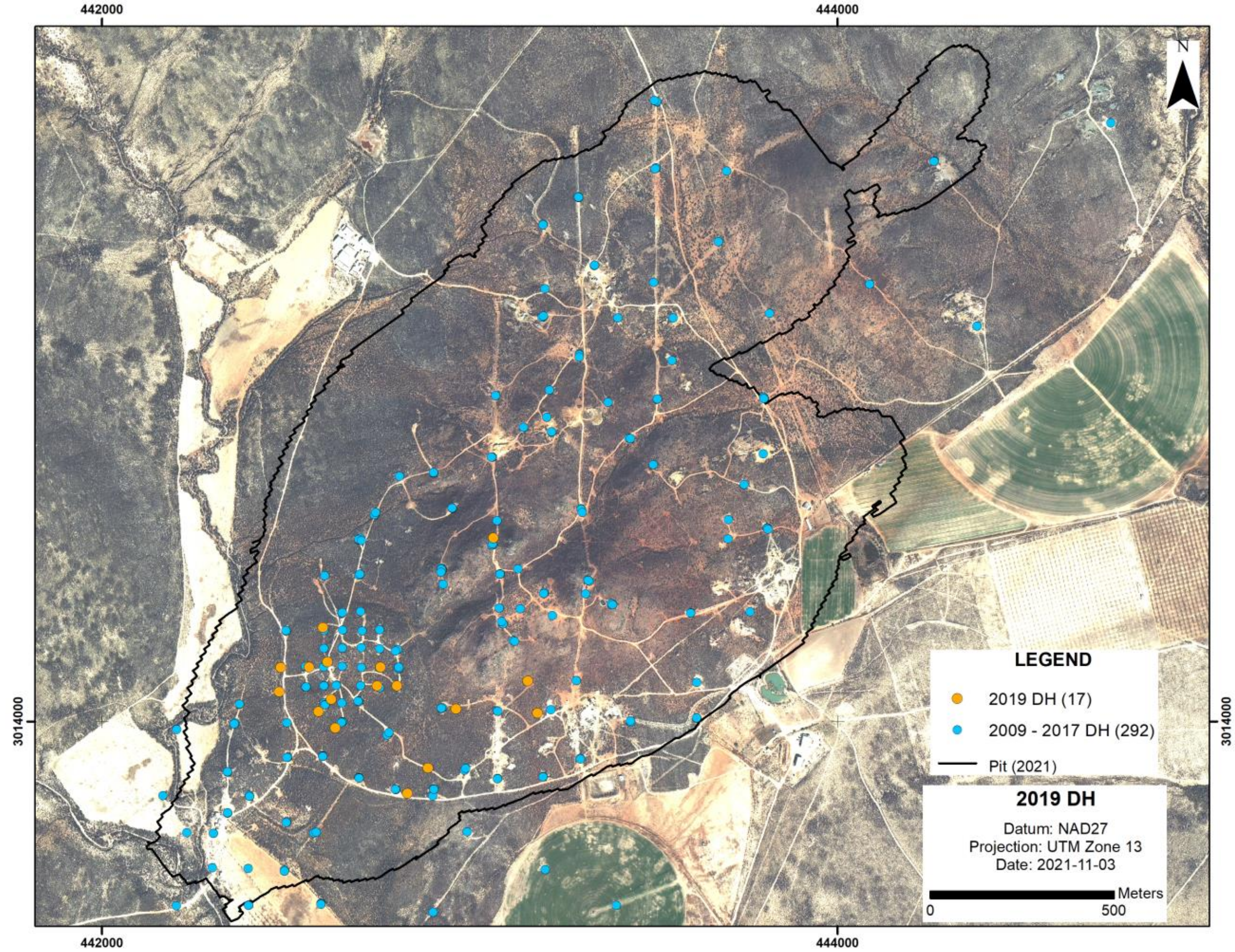


Figure 10.1 2019 diamond drilling totaling 5,905 metres in 17 holes by Discovery Silver Corp.

<u>Phase I: Continuation in 2020</u>

The exploration program started up again on January 7, 2020, with one drill, and by end of January, four diamond drills were operational.

<u>COVID-19 Closures</u>

- During 2020 the program was reduced back to one drill because of Mexican Government announcements regarding the COVID-19 Pandemic Risks reported at the start of March 2020.
- Subsequently, the last drill was halted by end of March when the Mexican government mandated all work to be halted.
- The program was then restarted again with 4 drills on June 27, 2020, after the Mexican Government announced a relaxation of COVID-19 closures in Mexico.
- During 2020, diamond drill holes C20-310 through to C20-408 were completed for an annual total of 39,484 m in 99 drill holes.

- At this point the program the total meterage had reached 45,389 m in 116 holes (Figure 10.2).

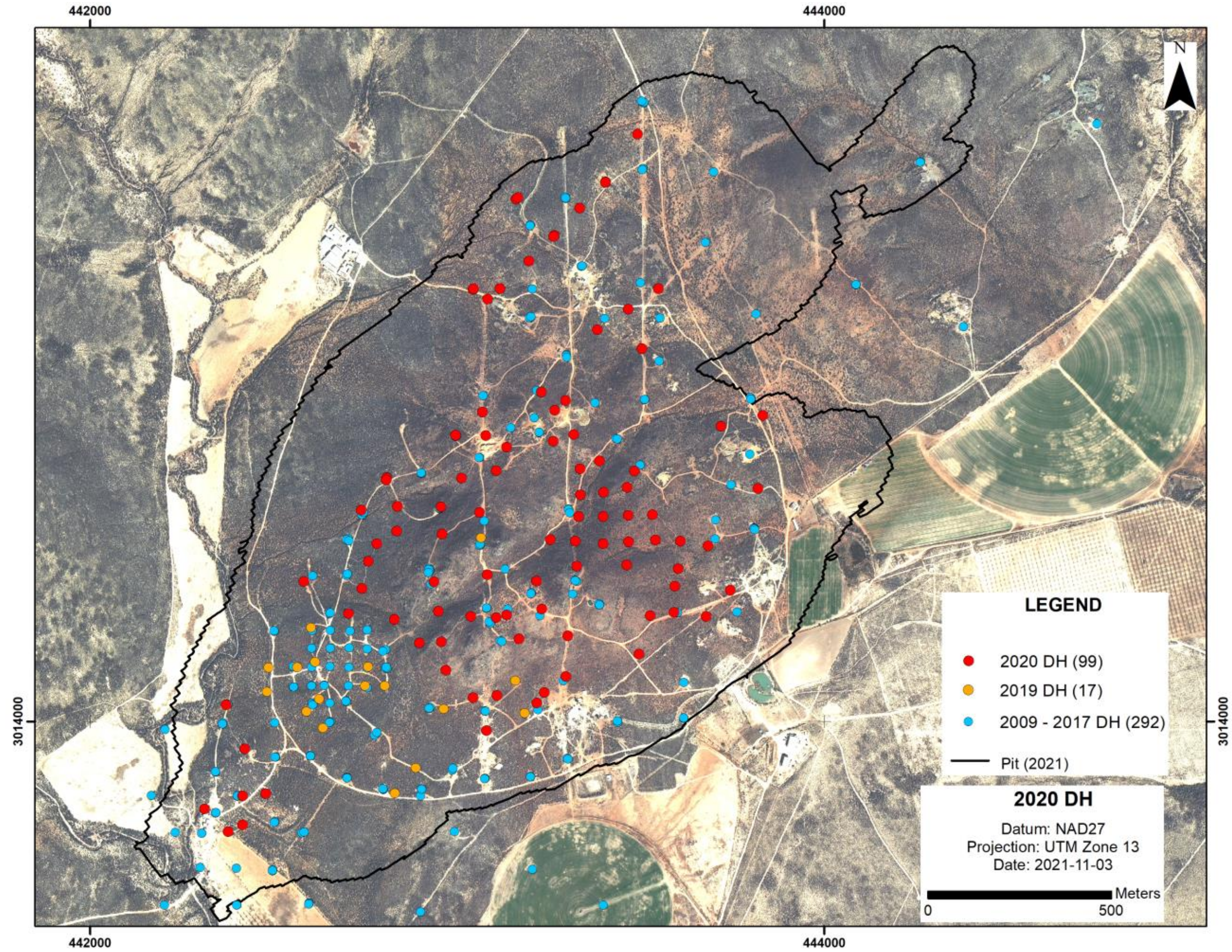


Figure 10.2 Discovery's 2020 diamond drilling totaling 39,484 m in 99 holes.

Phase I (continued): Ongoing drilling campaign in 2021

Good results and new insights to mineralizing controls allowed the program to continue in 2021. On January 11th, the first drill was restarted, followed by 3 more drills within the next 10 days.

- Drill holes C21-409 through C21-528 were completed by the end of July 2021 when the decision was made to cut off the assay results to be used for the updated Cordero 2021 Resource.
- Drilling continued during the compilation of the resource report, although only data from all drill holes up to C21-506, C21-508, C21-509, C21-511, C21-513, C21-516, C21-518, C21-522, C21-523, C21-527, and C21-528 had results available that had passed the QA/QC filters to inform the resource calculation presented in this report.
- In May of 2021, 778.8 metres in 2 oriented core holes were completed for the purposes of geotechnical sampling of proposed pit wall locations to better inform pit slope stabilities.

Holes CG21-001 and CG21-002 were reviewed and sampled by Knight Piésold Engineers for this purpose (Figure 10.3).

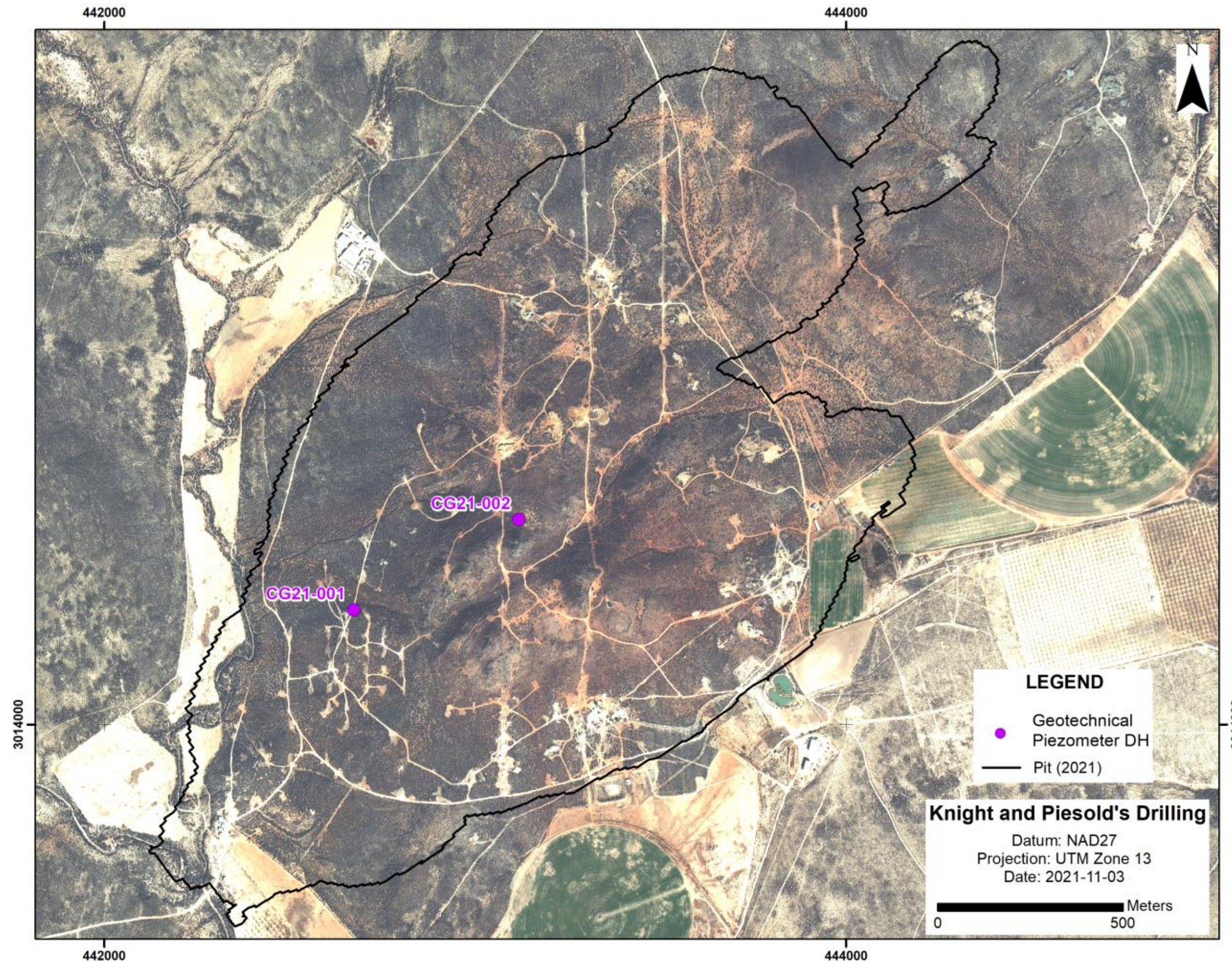


Figure 10.3 Knight & Piésold geotechnical/piezometer holes drilled in 2021, totaling 779 m in two holes.

The resource data base consists of a total of 224,148 m of sampling in 517 drill holes. Of the total holes in the data base 221,839m of sampling from 478 holes are included in the resource estimate area (Figure 10.4).

Total drilling in 2021 to the end of July was 62,746.3m in 154 drill holes, excluding 2 geotechnical holes.

A total of 91,452 m (225 drill holes) was completed by Discovery Silver Corp., supplementing the 253 holes drilled by Levon between 2009 and 2017. Lithology information from 195,553 m of drilling was used to support an updated geological model of the deposit.

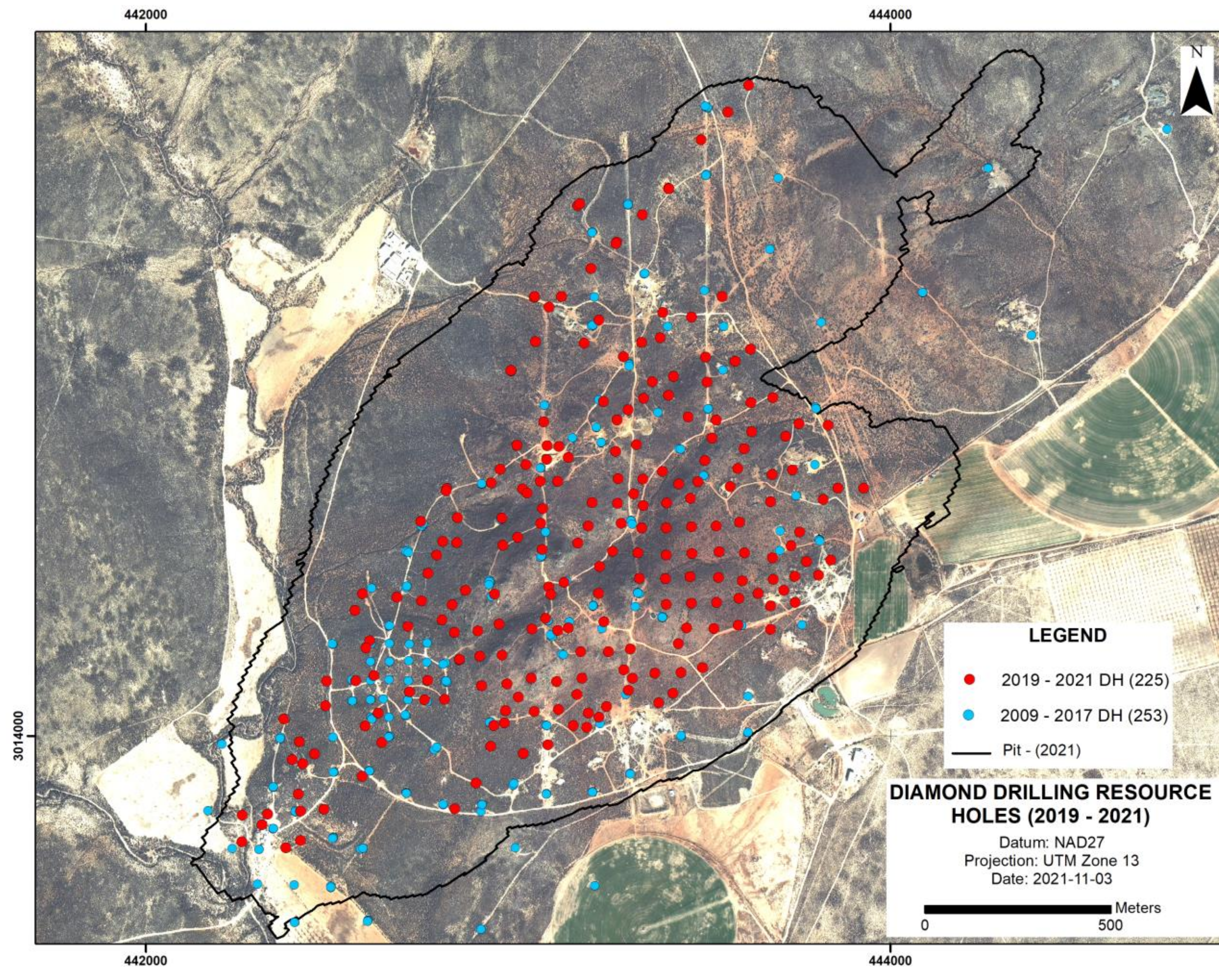


Figure 10.4 The 224 holes drilled in the resource modeling area by Discovery (red) and the Levon holes (blue) that were used for the mineral resource estimate.

Procedures for handling, transporting, logging and sample drill core

Core handling

- Drill core is placed in to corrugated plastic core boxes at the drill by the driller helpers and is supervised by the driller.
- Hole depths between core runs are marked in metres with permanent markers on wooden blocks and inserted into the box rows at the end of every drill run.
- Any partial runs, core losses or cavities encountered are measured by the drillers and marked accordingly.
- The drill box bases and lids are marked with the "from" and "to" depths in metres to the nearest centimetre and are then tied with plastic chord to prevent any spillage during transport.

Core transport

- The core boxes are transported to the core logging facility twice a day by a DSV representative and placed on core logging tables for review by project geologists.
- Core technicians subsequently check the wooden core marker blocks for any errors, measure, and record core recoveries between core blocks, and subsequently wash any sediment or drill cuttings from the core in preparation for geologists to log the core.
- Core photos are taken of both wet and dry drill core for a complete record of the drill core produced.

Core logging

- The drill core is described in detail by geologists differentiating lithology-type, lithology-textures, alteration-type, alteration/mineralization-style, in-fill-textures and in-fill-types, structure and sulphide abundance within an electronic logging system called *Geoinfo Tools,* directly into laptop computers in the core shack.

A standardized logging system is used to ensure consistency of descriptions between logging geologists and the resulting core log is uploaded to the Access-DBMS data base system at the project site for review by the senior geologist daily (Table 10.1).

Table 10.1 Select geological logging codes by theme used for core logging at Cordero.

Vein/ Replacement	Lithology Modifiers	Structure	Structure Modifiers	In-fill Textures	In-fill Type
VeinCalciteBarite	BandedGangue	Vein	AltnUpperContact	InfillTextBanded	Barite
VeinCalciteFeathery	BandedSulfide	ContactDike	Bedding	InfillTextBandSulf	Calcite
VeinCarbonate	BrxCementCarbonate	ContactLith	BrxCrackle	InfillTextBladed	Fluorite
VeinChalcedony	BrxCementOxide	Fabric	BrxFaultGouge	InfillTextBotyroidal	Jasperoid
VeinJaspDrusyCalcite	BrxCementSulfide	Fault	BrxFloatingClast	InfillTextCollofom	DrusyCalcite
VeinJasperoid	BrxDrusyCalcite	FaultContact	BrxHydrothermal	InfillTextCrustiform	Galena
VeinMxSulfide	BrxJasperoid	FlowFoliation	BrxMilled	InfilltextIntergrowths	SphBlack
VeinQuartzCarb	BrxPeperiteBlocky	Fracture	BrxPuzzle	InfillTextVoids	SphHoney
ReplaceCarbonate	BrxPeperiteFuildal	Breccia	ContactUpper	InfillTextVuggy	SphRedBrwn
ReplaceJasperoid	BrxPhreatic	Lineation	ContactLower	InfillTextMassive	Pyrite
ReplaceMxSulfide	BrxPseudo	Rubble	Echelon	InfillTextReplace	Quartz
ReplaceChalcedony	BrxSiliceous	Shear	FabricFlowBanding	InfillTextEuhedral	Silica

- This drill core information is imported into a 3D geological modeling software and visualizer called Leapfrog Geo for interpretation, measuring drilling success, and used to inform any subsequent drill planning.

Core sampling

- Drill core sampling is selected and marked by the geologists based on lithological, alteration and structural boundaries.
- Minimum sample widths are 0.30 m and maximum sample widths are generally 2.0 m.
- The maximum sample width is only rarely exceeded where drill core recovery was poor due to faulted intervals or where the end of hole remaining interval was less than 1.0 metre and added to the last sample.

Summary and Interpretation of 2019-2021 Drill Programs

The drilling achieved by Discovery and utilized in this 2021 resource update essentially in-filled the mineralized body that was roughly defined by previous drill campaigns.

Drill core recoveries have been exceptionally high (greater than 95%) providing the confidence that the sampling program is representative of the rock-mass that has been assayed.

Additional drilling by DSV has allowed updated interpretations of the structural controls, lithological controls, and definition of dominant fluid flow corridors of high-grade mineralization. These controls and domains have been used to accurately update the estimate of resources.
Highlights from the 2019 to 2021 drilling are presented in Table 10.2. A series of cross sections showing some of these highlights are presented in Figure 10.6 to Figure 10.13, for the section lines marke on Figure 10.5. The legend used on the cross-sections corresponds to the one shown on Figure 10.5.

Table 10.2 Highlights from the 2019-2021 drilling campaigns.

Hole ID	From	To	Width *(m)*	Ag *(g/t)*	Au *(g/t)*	Pb *(%)*	Zn *(%)*	AgEq[1] *(g/t)*
C19-297	272.9	274.0	1.1	522	0.21	6.6	18.3	1533
C19-304	76.8	182.7	105.9	74	0.38	1.1	1.1	188
C20-310	51.1	52.3	1.2	904	0.08	5.4	8.08	1436
C20-314	135.0	241.0	106.1	51	0.37	0.97	0.56	139
C20-317	0.0	79.0	79.0	90	0.22	0.9	0.5	159
C20-319	140.0	308.8	168.8	70	0.1	1.5	1.9	207
C20-328	79.3	131.2	51.9	69	0.13	1.1	1.9	197
C20-328	105.9	107.2	1.3	1060	0.5	15.9	26.9	2777
C20-333	206.8	327.2	120.4	30	0.11	0.4	1.5	114
C20-342	147.0	148.4	1.4	700	0.74	16.1	14	1907
C20-343	66.9	468.6	401.7	49	0.07	1	1.1	134
including	243.5	355.7	112.3	96	0.08	2	1.8	247
C20-344	171.1	175.8	4.7	635	0.15	12.3	5.3	1299
C20-348	196.2	335.3	139.1	47	0.07	0.6	1.6	138
C20-349	145.6	149.0	3.4	421	0.42	8	10	1150
C20-351	224.8	226.8	2.0	532	0.38	8.8	8.1	1207
C20-373	281.2	407.3	126.1	40	0.1	0.4	1	103
C20-375	49.2	180.7	131.6	48	0.09	0.5	1.1	118
C20-381	95.6	96.9	1.3	1581	0.15	9.9	5.4	2166
C20-382	41.2	42.2	1.0	1280	4.24	1.6	3.4	1826
C20-383	44.4	47.2	2.9	992	0.73	12.9	2.4	1605
C20-383	83.4	84.1	0.7	1865	0.85	7	7.9	2510
C20-396	136.7	138.0	1.3	1607	2.06	5.2	8	2290
C20-405	312.4	440.5	128.2	65	0.05	1.2	1.3	165
C21-417	309.4	375.3	65.9	69	0.11	0.7	3.7	258
C21-425	517.8	660.8	143.0	39	0.13	0.4	1.3	120
C21-480	63.1	115.5	52.5	34	0.03	0.5	0.9	94
C21-421	304.5	308.6	4.1	520	0.11	3	9.8	1043
C21-421	402.8	404.1	1.3	495	0.17	5.6	8	1041
C21-423	132.7	133.8	1.1	913	0.97	12.2	4	1589
C21-431	164.9	166.1	1.2	997	0.25	8.9	9.7	1736
C21-432	150.8	152.0	1.1	723	0.16	3.7	10.9	1319
C21-435	92.2	93.4	1.1	1960	0.32	15.4	21.6	3424
C21-435	204.5	209.0	4.5	385	1.15	5.9	11.9	1179
C21-436	288.5	290.0	1.4	1385	0.49	7.5	10.9	2139
C21-437	4.8	63.6	58.8	87	0.05	0.9	0.8	157
including	59.8	63.6	3.8	576	0.12	5.2	8.2	1108
C21-457	404.8	405.8	1.1	1570	16.25	7	19	3934
C21-458	47.4	48.1	0.7	945	0.47	11.7	7.1	1688
C21-458	200.3	277.1	76.8	36	0.04	0.3	1.6	115
C21-459	86.0	87.4	1.3	420	0.32	8.8	14.9	1374
C21-475	126.6	127.3	0.7	1320	0.21	11	10.8	2169
C21-475	134.3	135.9	1.6	597	0.16	12.2	11.7	1522
C21-476	312.5	398.7	86.2	51	0.09	1.2	2.2	192
C21-479	204.7	337.3	132.6	78	0.11	1.7	2.8	260
C21-479	361.1	438.1	77.1	55	0.12	1.4	1.8	190
C21-481	39.3	256.6	217.3	75	0.45	1.1	1	194
C21-482	168.1	169.6	1.5	2552	2.33	13.3	13.3	3763
C21-485	87.6	88.6	1.1	1057	0.19	7.4	8.4	1681
C21-485	110.0	110.7	0.7	691	0.04	3.2	9.7	1209
C21-496	297.3	378.7	81.4	43	0.05	0.9	2.5	184
C21-510	75.0	148.1	73.1	104	0.06	0.8	2.5	241
including	80.6	82.2	1.6	2295	0.31	11.6	17.2	3446
C21-523	69.0	202.8	133.8	39	0.07	0.8	0.7	103

[1]AgEq calculated using prices of $16.50/ozAg, $1,350/ozAu, $0.85/lbPb and $1.00/lbZn, with 100% metallurgical recoveries.

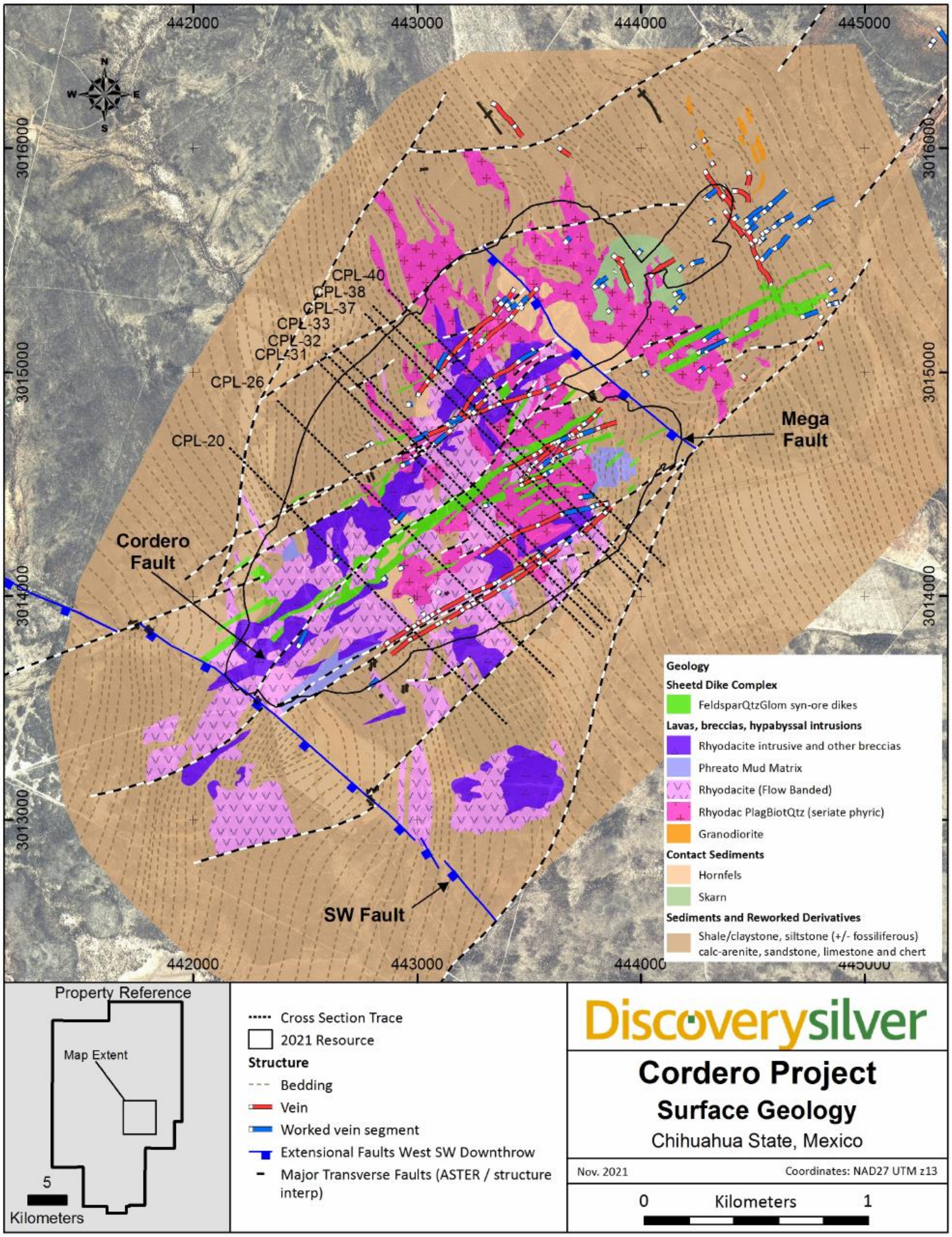


Figure 10.5 Lithology plan map showing locations of the section lines used in following figures.

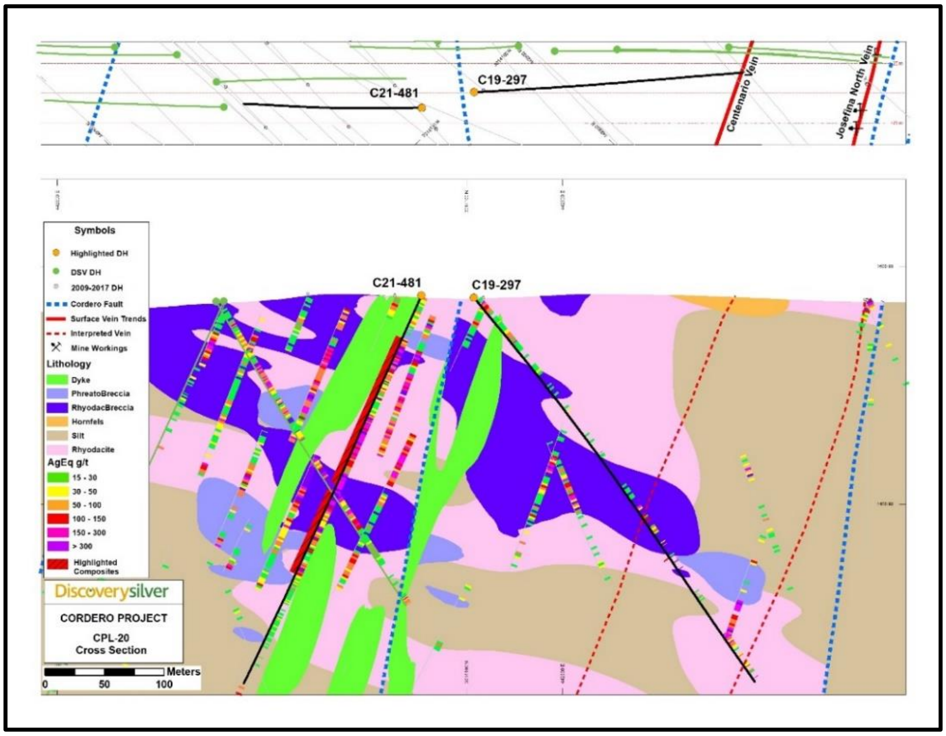


Figure 10.6 Cross section CPL-20 showing geological interpretation and silver equivalent grades.

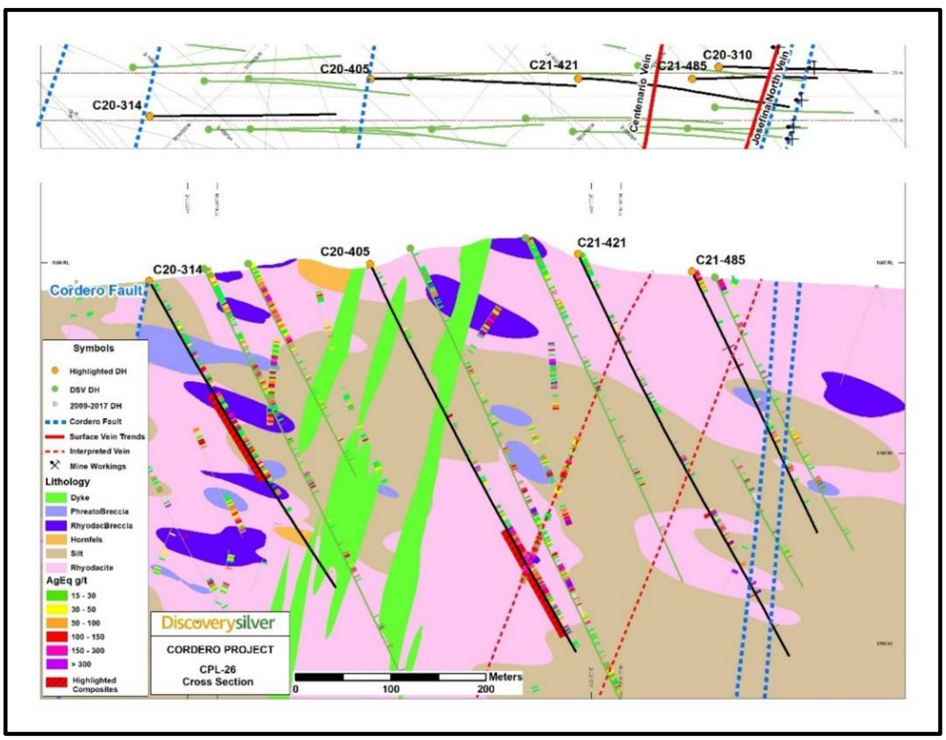


Figure 10.7 Cross section CPL-26 showing geological interpretation and silver equivalent grades.

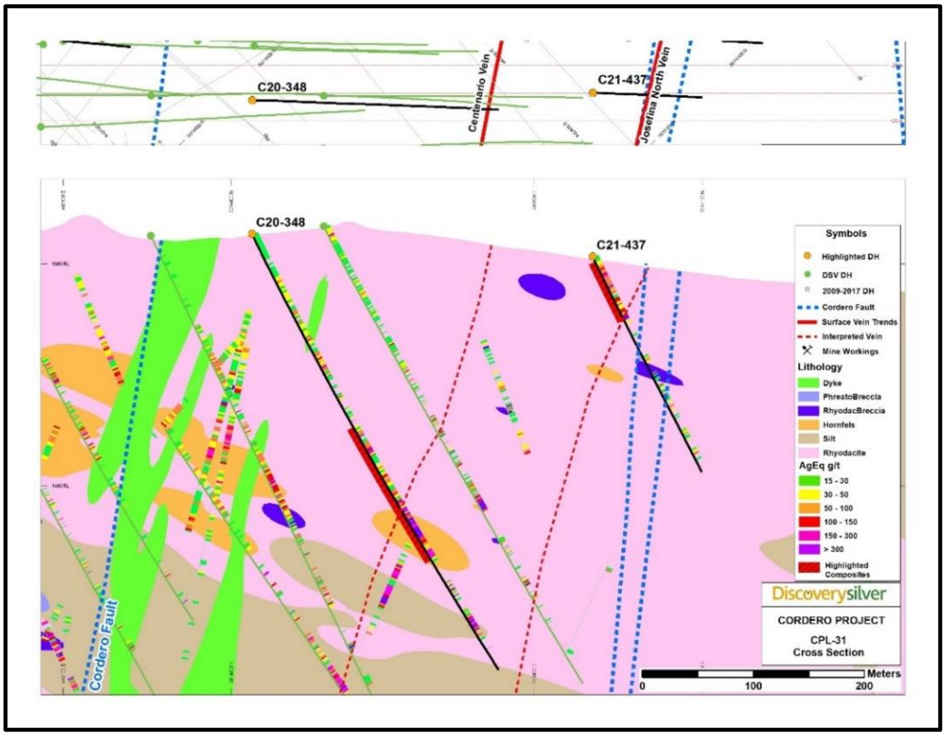


Figure 10.8 Cross section CPL-28 showing geological interpretation and silver equivalent grades.

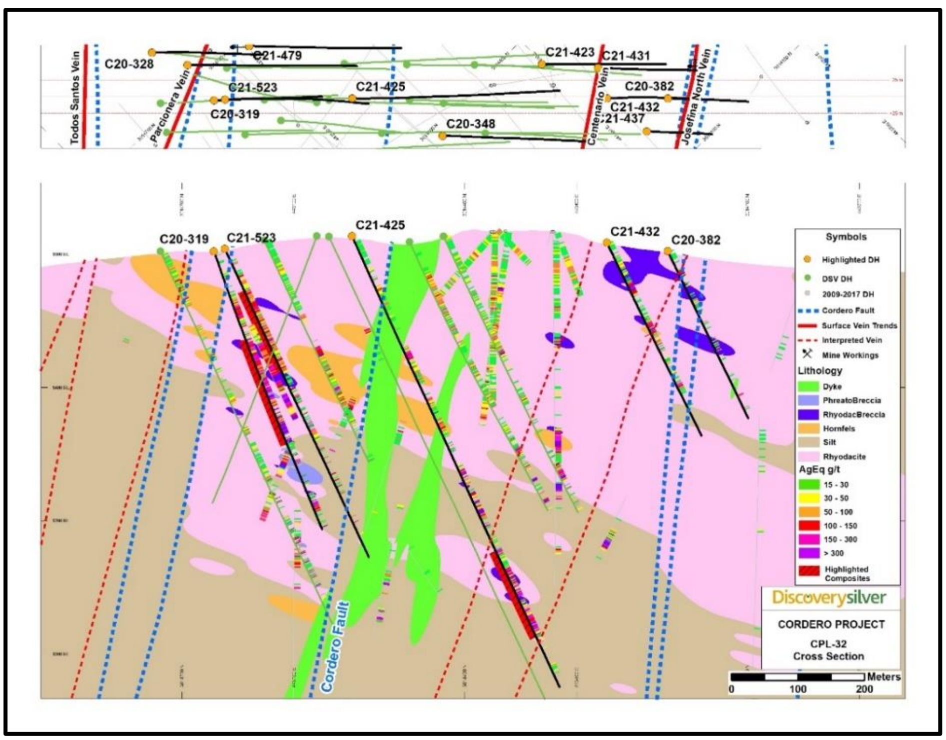


Figure 10.9 Cross section CPL-32 showing geological interpretation and silver equivalent grades.

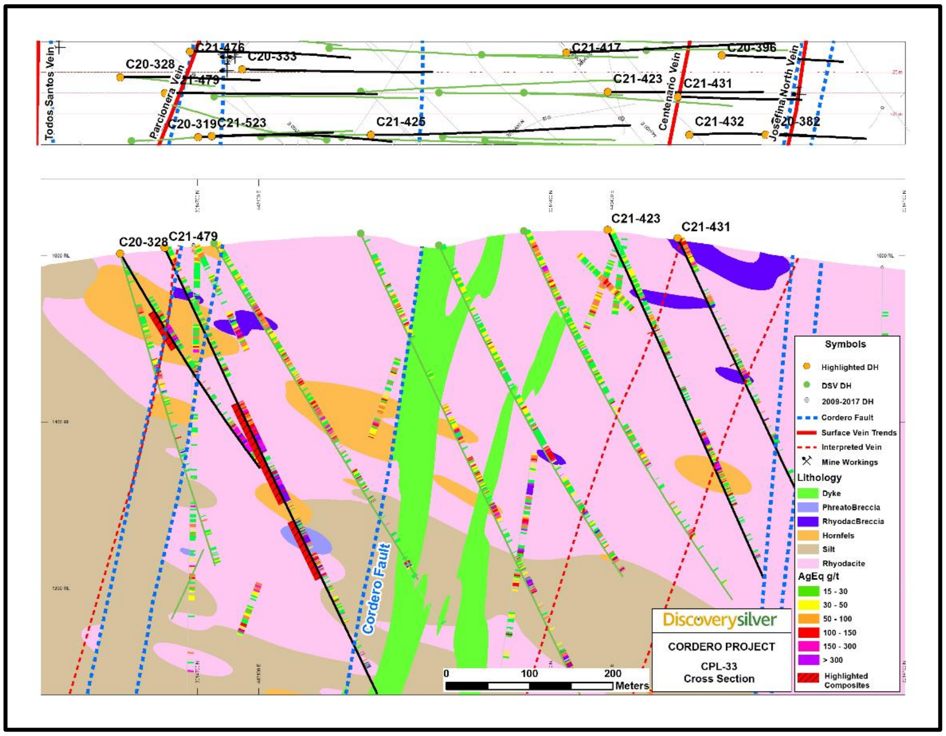


Figure 10.10 Cross section CPL-32 showing geological interpretation and silver equivalent grades.

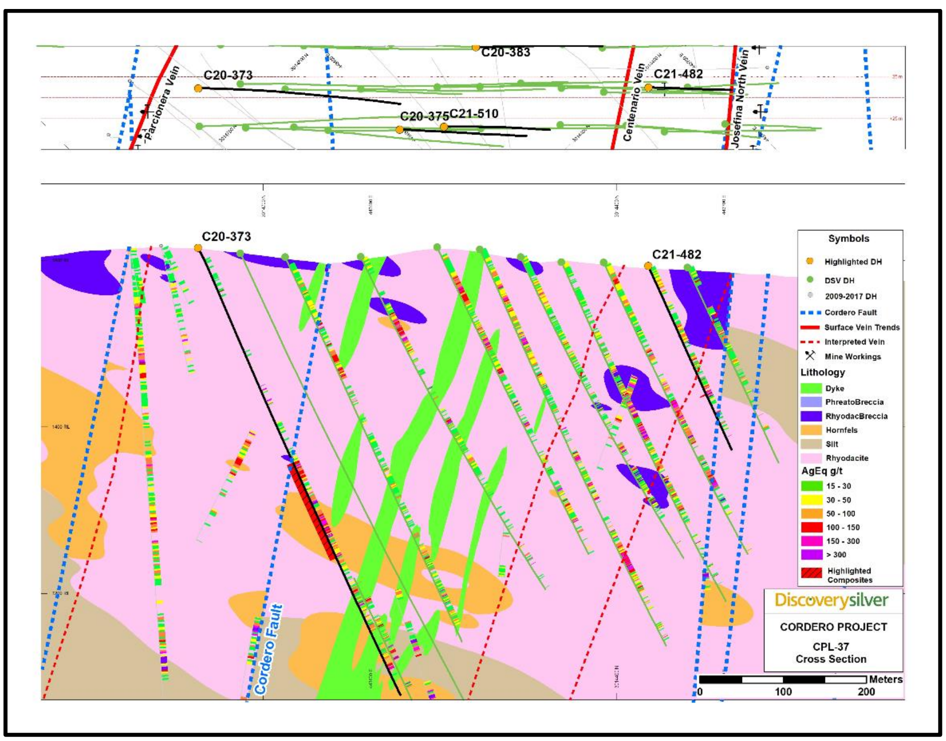


Figure 10.11 Cross section CPL-37 showing geological interpretation and silver equivalent grades.

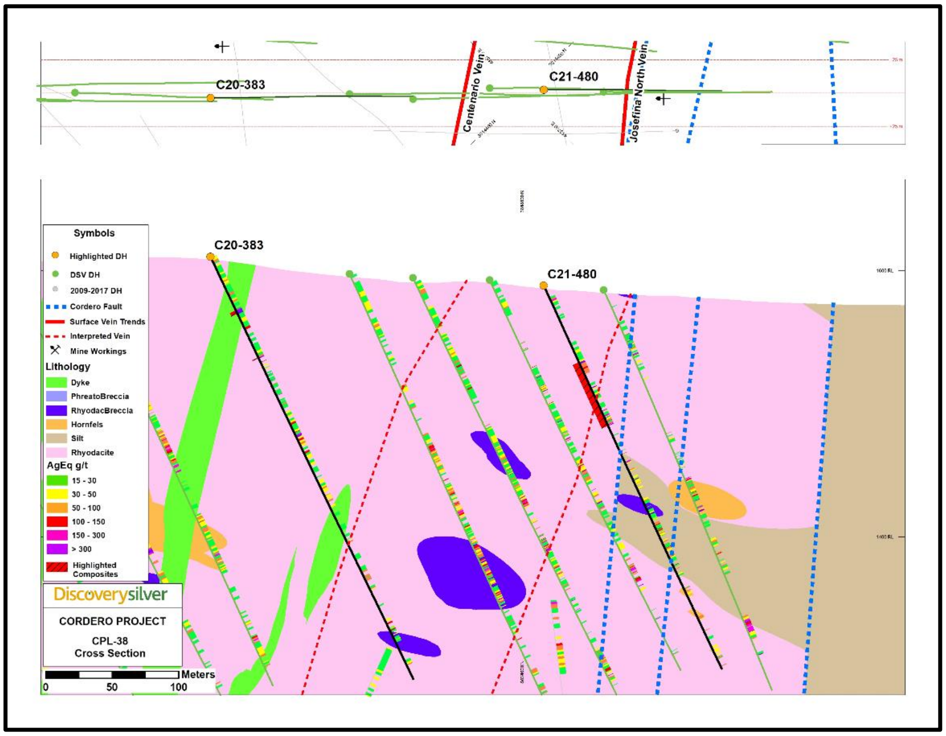


Figure 10.12 Cross section CPL-38 showing geological interpretation and silver equivalent grades.

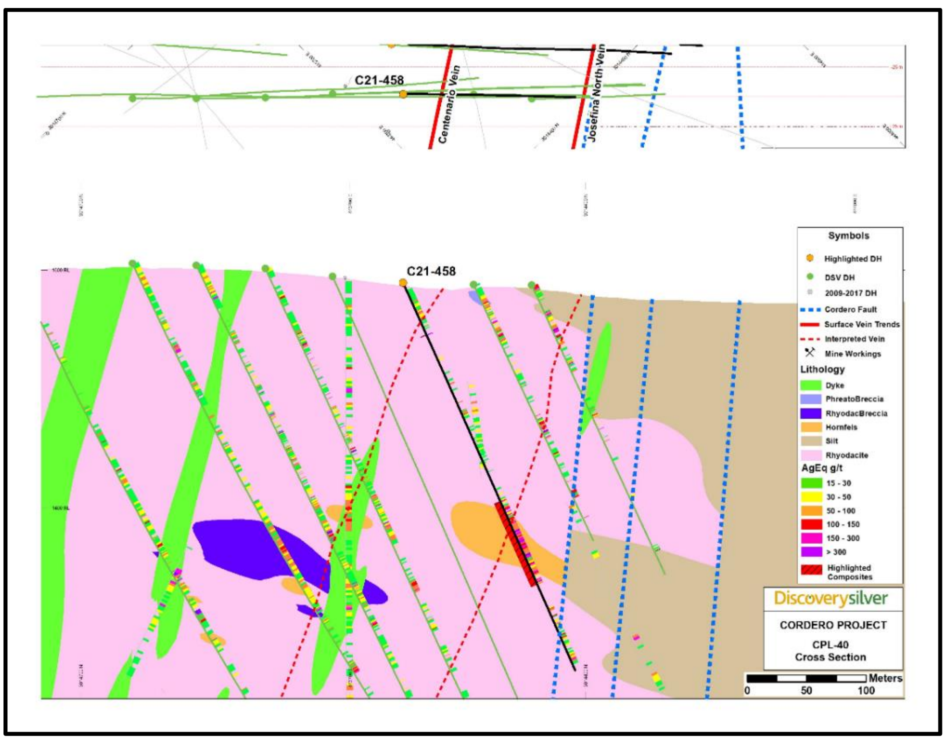


Figure 10.13 Cross section CPL-40 showing geological interpretation and silver equivalent grades.

11. SAMPLE PREPARATION, ANALYSIS AND SECURITY

Approximately half of the samples included in the current mineral resource estimate are from drilling programs conducted by Levon ending 2017 (Table 11.1). The other half of the samples were generated by Discovery drill programs from 2019 to 2021 (Table 11.2). Total diamond drilling completed to date at Cordero is 231,142 metres in 528 drill holes. A total of 5568.15 metres of drill core from the 2021 program was not included in the 2021 mineral resource.

Table 11.1 Summary of Levon diamond drilling campaigns from 2009 to 2017.

		Range of Hole IDs		
Year	# Holes	From	To	Metres
2009	8	C09-1	C09-8	2,844
2010	89	C10-9	C10-97	35,857
2011	109	C11-98	C11-206	57,989
2012	44	C12-207	C12-250	17,076
2013	16	C13-251	C13-266	9,529
2014	8	C14-267	C14-274	4,662
2017	18	C17-275	C17-292	5,664
Total # Holes 292		**133,620 metres**		

Table 11.2 Summary Of Discovery Silver Corp. diamond drilling campaigns from 2019 to 2021.

		Range of Hole IDs		
Year	# Holes	From	To	Metres
2019	17	C19-292	C19-309	5,905
2020	99	C20-310	C20-408	39,484
2021	120	C21-409	C21-528	52,133
Total # Holes 236		**97,522 metres**		

Levon 2009 to 2017 Drill Hole Samples

All drill core was sawn in half with mechanized core saw along the mark on the whole drill core and half of the core samples were submitted for sample preparation and assaying while the second half was left in the core box for future reference [16].

From 2009 to 2012, and in 2017, assays for the Levon drill samples were performed by ALS Geochemistry (ALS) in Vancouver, a commercial laboratory that is independent of Discovery and accredited by the Standards Council of Canada to the ISO/IEC 17025 standard. Sample preparation and assaying involved the following steps:

1) Sawn 1/2 core samples were prepared for assaying at the preparation facility in Chihuahua, Mexico by drying and crushing to 85% minus 10 mesh, followed by riffle-splitting and pulverizing to 95% minus 150 mesh.
2) Assaying of the pulps was performed at ALS. Gold analyses were performed by 30-gram fire assay with an AA (atomic absorption) finish (ALS Method Code Au-AA23). Silver, zinc, and

lead were analyzed as part of a multi- element inductively coupled argon plasma (ME-ICP41) package using an aqua regia digest with over-limit results reanalyzed using ICP-AES (atomic emission spectroscopy) and a 4-acid digest.

For the years 2013 and 2014, assays were performed by Activation Laboratories Ltd. (ActLabs) in Mexico. ActLabs is independent of Discovery and accredited by the Standards Council of Canada to the ISO/IEC 17025 standard.

1) Samples were assayed for gold by fire assay with an AAS finish and a 5-ppb gold detection limit.

Base metals were determined as part of a 38-element ICP package using an aqua regia digest (nitric and hydrochloric acids). The elements in the ActLabs multi-element ICP package include the same elements as those in the ALS ICP package used later by Discovery (Table 11.3) and also include Hf, Sn, Y and Zr.

2) In accordance with its quality control protocol, Levon inserted standards, blanks, and core duplicates approximately every 20th sample. Levon primarily used reference materials prepared commercially as pulps by Western Management Consultants of Vancouver.
3) Up to six different reference materials were used for all the drill programs.
4) The blank material was from a rhyolite from a road quarry near Parral.

Out of approximately 66,300 samples submitted between the years of 2009 and 2017, there were 7,157 blank samples submitted to monitor contamination, and 6,650 reference materials submitted to monitor accuracy. The assays of reference material and blanks showed no significant divergences from recommended or expected values.

Levon also implemented a program of field duplicate checks, which were run on quarter-core splits obtained with a core-saw; these field duplicates confirmed that the procedures used to split were not biasing the assay results.

For the various drilling campaigns, referee lab samples were performed by ActLabs when ALS was contracted to do the assaying of drill core. When ActLabs was the primary lab, in 2013 and 2014, ALS was the referee lab. For referee samples, every 20th coarse reject was delivered to the referee lab for sample pulp preparation and assay analysis.

Sample Preparation, Analysis and Security for Discovery's Drilling Campaigns (2019-2021)

A total of 70,946 drill core samples were submitted between from 2019 through the end of July 2021 and are included in the mineral resource estimate. A total of 5,568.5 metres of core were drilled after July 2021 as part of the on-going drill campaign; assays from these post-July holes were not included in the data base used for resource estimation.

Sample preparation

All core assays are from HQ drill core unless stated otherwise.

Core samples from the program were cut in half, using a diamond cutting saw, and transported to the ALS lab in Chihuahua City, Mexico, where pulps were prepared and subsequently sent for analysis to the ALS lab in Vancouver, Canada. Both ALS labs, the prep lab in Mexico and the analytical lab in

Canada, are independent of Discovery and accredited by the Standards Council of Canada to the ISO/IEC 17025 standard.

All samples were prepared using ALS Method Core Prep-31 that includes:

1) Air dry if necessary (maximum 120°C if oven drying is necessary); and
2) Crush entire sample to at least 70% passing 2 mm; and
3) Riffle split 250 gram; and
4) Pulverize approximately 250 grams to at least 85% passing 75 microns.

<u>Sample analysis</u>

1) Samples were analyzed for gold using standard Fire Assay-AAS techniques (ALS Method Code Au-AA24) on a 50 gram aliquot of pulp material; this method has a 5 ppb detection limit.
2) Samples were also analyzed for a 33-element inductively coupled plasma method (ALS Method Code ME-ICP61). The method digests a 0.25 gram sample using a combination of three acids (nitric, perchloric, and hydrofluoric) with a final dissolution stage using hydrochloric acid; ICP-MS and ICP-AES are then used to measure the concentrations in solution, which can be converted to assay grades on a dry weight basis. This method is suitable for trace level and exploration samples. The elements and detection ranges of this analytical procedure are listed in Table 11.3.
3) Samples that assayed over 10 g/t Au were re-assayed by fire assay on a 50-gram sub-sample with a gravimetric finish.
4) Samples that assayed over 1,500 g/t silver were re-assayed using a standard 30-gram fire assay with a gravimetric finish (ALS Method Code Ag-CON01).
5) Samples that assayed between 100 to 500 g/t silver and/or over 1% zinc and/or 1% lead were re-assayed using ALS Method Code ME-OG62. The method uses a 0.25gram sample weight and the same four acids as Method Code ME-ICP61 but dilutions and calibrations are appropriate for higher grade samples.

Table 11.3 Analytes and detection ranges for the ME-ICP61 multi-element ICP suite from ALS.

Analyte	Lower limit	Upper limit	Analyte	Lower limit	Upper Limit	Analyte	Lower limit	Upper limit
Ag (ppm)	0.5	100	Fe (%)	0.01	50	S (%)	0.01	10
Al (%)	0.01	50	Ga (ppm)	10	10000	Sb(ppm)	5	10000
As (ppm)	5	10000	K (%)	0.01	10	Sc(ppm)	1	10000
Ba (ppm)	5	10000	La (ppm)	10	10000	Sr (ppm)	1	10000
Be (ppm)	0.5	1000	Mg (%)	0.01	50	Th (ppm)	20	10000
Bi (ppm)	2	10000	Mn (ppm)	5	10000	Ti (%)	0.01	10
Ca (%)	0.01	50	Mo (ppm)	1	10000	Tl(ppm)	10	10000
Cd (ppm)	0.05	1000	Na (%)	0.01	10	U (ppm)	10	10000
Co (ppm)	1	10000	Ni (ppm)	1	10000	V(ppm)	1	10000
Cr (ppm)	1	10000	P (ppm)	10	10000	W (ppm)	10	10000
Cu(ppm)	0.02	10000	Pb (ppm)	2	10000	Zn (ppm)	10	10000

The analytical methods for gold and over-limit silver are consistent with the methods used for earlier Levon drill programs.

Post-2019, drill core was analyzed using an industry-standard 4-acid "near total" digestion. The Levon samples from 2013 and 2014 were analyzed using aqua regia to digest the sample; this approach is known to produce only a "partial" digestion, with the percentage of an element that is not dissolved by aqua regia varying from element to element. Since some elements in non-sulphide mineralogy may report lower with an aqua regia digest than they would with a 4-acid digest, there is a possibility of a slight negative bias in resource estimates in the vicinity of samples from holes drilled in 2013 or 2014. No attempt has yet been made to quantify this bias, or to correct for it; but given the very limited amount of drilling done in those years, less than 10% of Levon's holes (Table 11.1), the impact of having some aqua regia digest assays in the assay data base is believed to be very minor.

Security

Drill core is logged and sampled in a secure core storage facility located at the project site 40 km north of the city of Parral.

Drill core is placed into corrugated plastic core boxes at the drill site by the drillers. Tied core boxes are piled up within the drill pad area and remain under the driller's supervision until it is collection by Discovery personnel. The core is collected twice a day and transported to the Discovery core logging facility within 1.5 km of the drill site.

After the drill core is sawn in half and placed in plastic bags, groups of 4–5 sample bags are placed into large poly-weave rice bags with their content marked on each bag. The bags are securely sealed and moved to a storage facility controlled by the company geologists. Twice a week an ALS truck picks up the sample bags from site and delivers them directly to the ALS laboratory in Chihuahua for sample preparation.

The drilling area and camp site facilities are on a private property with restricted access to the public. The access gate remains locked at all times and only the landowners, drillers, and Discovery personnel have a key to open the gate.

Quality assurance and quality control

To ensure reliable sample assays, Discovery has a rigorous Quality Assurance and Quality Control (QA/QC) program that monitors the chain-of-custody of samples and includes the insertion of blanks and certified reference materials (CRMs) at consistent intervals within each batch of samples.

The assays for quality control samples are reviewed as certificates received from the laboratory. Quality control failures on a batch basis are identified and followed up as required.

The following submission rates are used for quality control samples:

- Blanks: every 18 samples; and
- Standards: every 15 samples; and
- Checks of pulp duplicates: every 100 samples.

Blanks

A landscaping rock, purchased from Home Depot locally, is used as the blank or barren sample. It is a vesicular basaltic volcanic rock of reddish colour. It has a 3 cm average particle size and approximately half a kilogram is submitted.

Maximum allowed values were set at 10 times detection limits which are Au (50 ppb), Ag (0.5 ppm), Pb (0.1%) and Zn (0.1%) respectively.

For the 4,474 blanks inserted with samples, only three values over the upper threshold were reported for gold, silver, and lead. There were only six zinc values over the upper threshold which was well within expected ranges.

Certified Reference Materials

Discovery Silver Corp. purchased commercially available certified reference materials (CRMs) from Ore Research & Exploration Pty Ltd. of Australia. The materials are fine-grained, well-homogenized and assayed at a minimum of 25 laboratories to determine expected values. The matrix of the materials is from a rhyodacitic volcanoclastic succession and mineralization assemblage includes sphalerite, chalcopyrite, and lesser galena with a gangue of pyrite, pyrrhotite and magnetite. The CRMs are submitted as received in foil packets that have been nitrogen-flushed to eliminate oxidation.

Both CRMs 621 and 623 have been used for the entire time-period. CRM 622 was used in 2019 to 2020. CRM 620 was introduced in 2020 and CRM 624 was introduced in 2021.

The expected results for reference materials are summarized in Table 11.4 along with the average of the reported results for 2019 to 2021. The average reported values agree within ±2% of the expected values for all the elements and CRMs.

There was a low number of QC failures (less than 1%). All QC failures were rigorously investigated and where necessary repeat assays were requested. ALS re-issued 40 corrected certificates and the revised assays were added to the data base.

Table 11.4 Summary table of results for certified reference materials.

CRM Number	Number of times inserted	Expected value	Standard Deviation	Average of reported values
Silver (ppm)				
620	1520	38.5	1.53	38.8
621	1716	69.2	2.65	69
622	103	102	3.0	101.4
623	1887	20.4	1.06	20.44
624	95	45.3	1.26	45.8
Gold (ppm)				
620	1520	0.685	0.021	0.681
621	1716	1.25	0.042	1.26
622	103	1.85	0.066	1.84
623	1887	0.827	0.039	0.825
624	95	1.16	0.053	1.17
Pb (%)				
620	1520	0.774	0.022	0.78
621	1716	1.36	0.039	1.35
622	103	2.21	0.067	2.17
623	1887	0.25	0.007	0.25
624	95	0.624	0.019	0.61
Zn (%)				
620	1520	3.15	0.097	3.14
621	1716	5.22	0.139	5.23
622	103	13.24	0.182	10.14
623	1887	1.03	0.03	1.01
624	95	2.40	0.078	2.36

Pulp Duplicates

ALS Geochemistry includes pulp duplicates routinely to internally monitor the precision of its assays. For samples analyzed by ALS in 2020 and 2021, data for 2,463 routine internal lab pulp duplicates were retrieved from ALS Geochemistry's Webtrieve client data management system. For samples with Pb and Zn greater than ten times the detection limit, approximately 90% of the Pb and Zn pulp duplicates agree within ±5%. For samples with silver and gold greater than ten times the detection limit, approximately 90% of the Au and Ag pulp duplicates agree within ±10%.

A comparison of pulp duplicates is shown in Figure 11.1 and Figure 11.2 for silver and gold. The blue lines represent ±20% error bars.

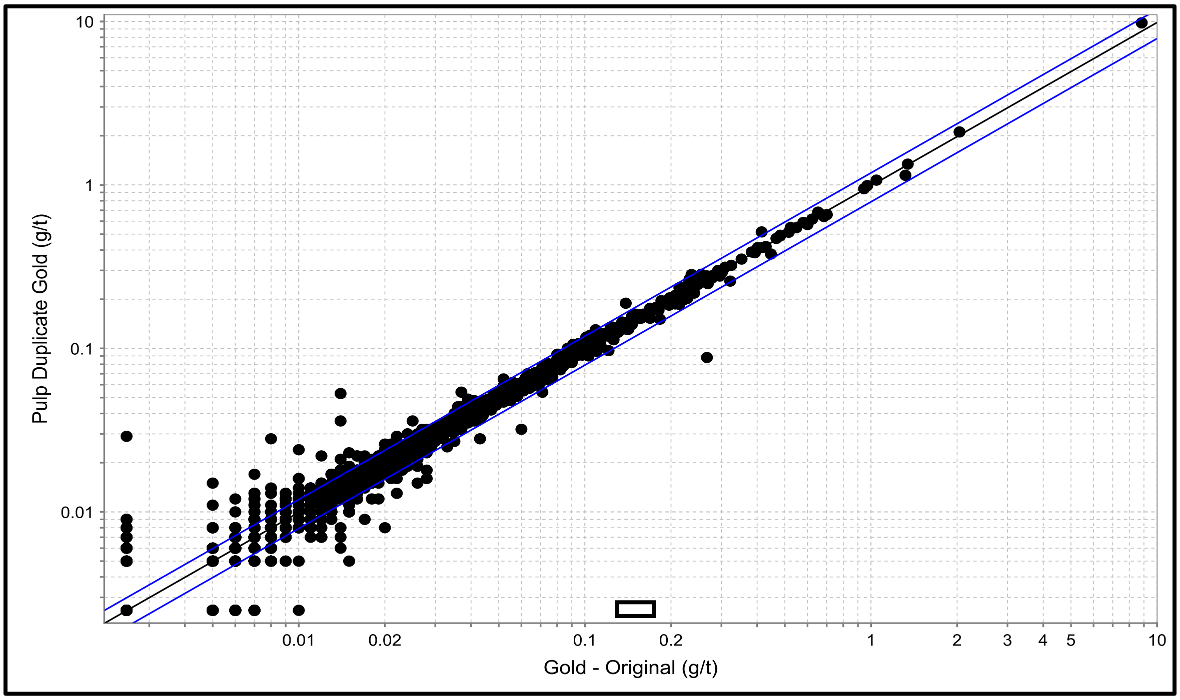


Figure 11.1 Comparison of pulp duplicates for gold.

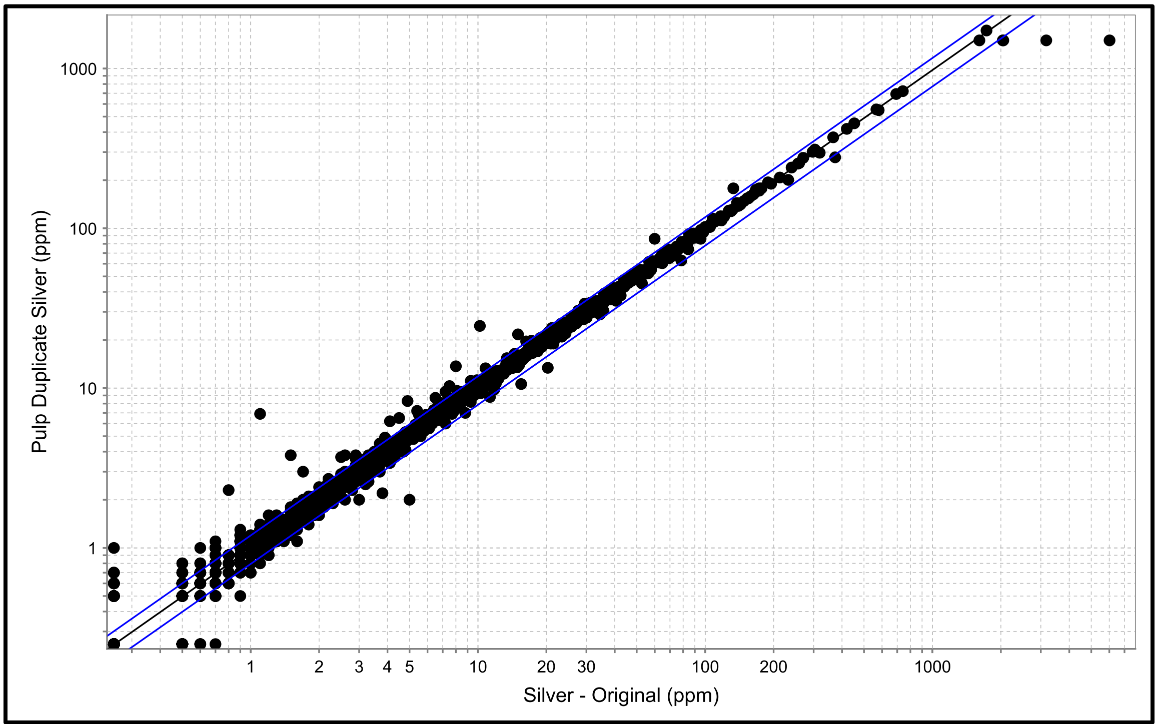


Figure 11.2 Comparison of pulp duplicates for silver.

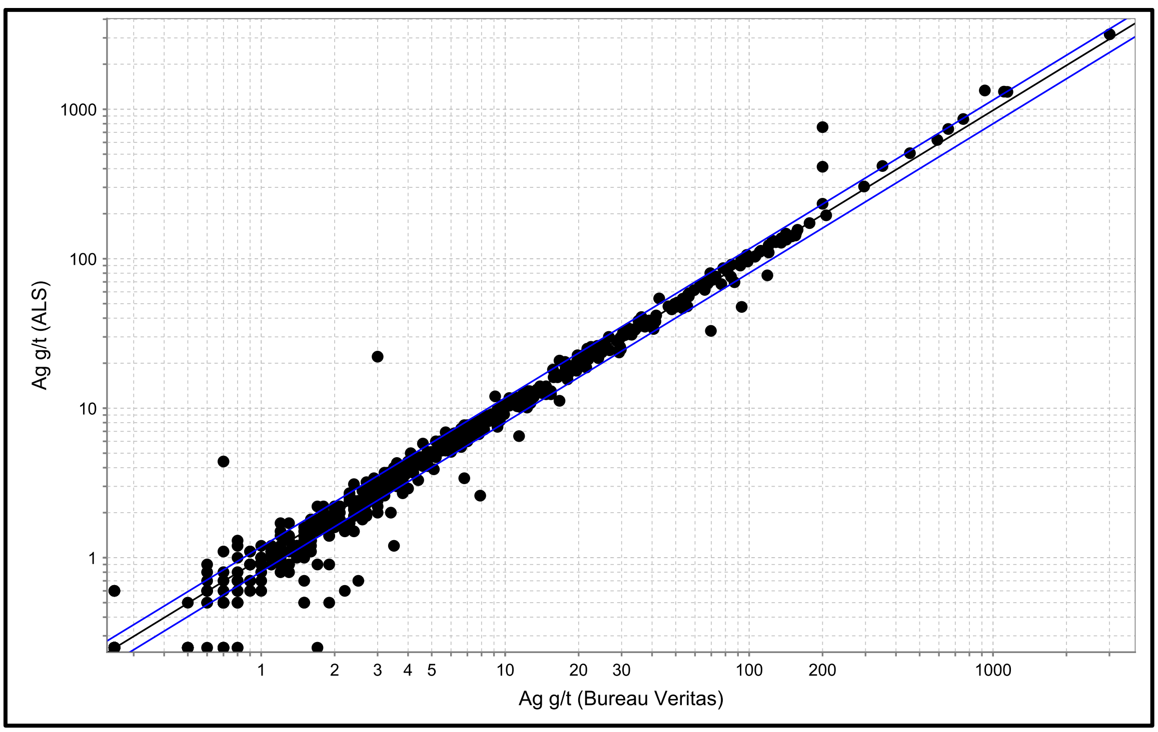


Figure 11.3 Comparison of silver from pulp duplicate check assays.

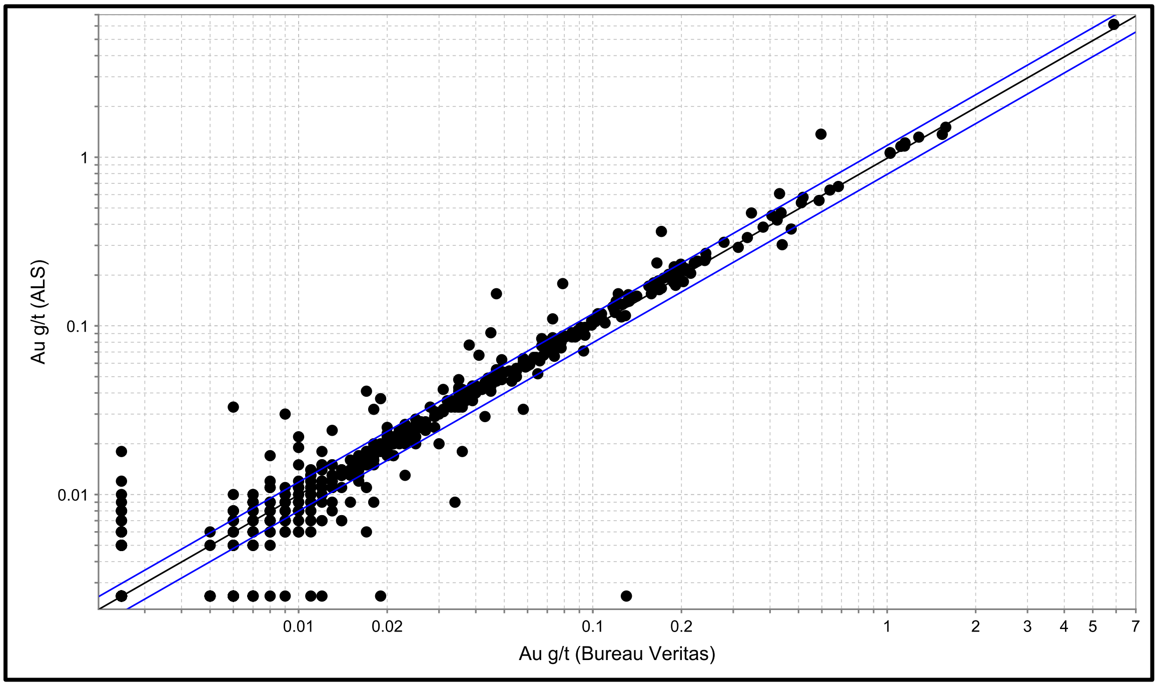


Figure 11.4 Comparison of gold from pulp duplicate check assays.

Precision for the pulp duplicates is within expectations for the analytical methods, and generally improves with concentration, as is expected for all analytical methods.

Pulp duplicate check assays

A total of 608 pulps prepared at ALS were submitted for check assay to Bureau Veritas Commodities Canada Ltd. (BV), a laboratory that is independent of Discovery and accredited by the Standards Council of Canada to the ISO/IEC 17025 standard.

Both Pb and Zn were determined by BV using a 4-acid digest and ICP finish, similar to the ALS method. BV only reported Pb up to 10%. There is no evidence of bias between the ALS and BV assays for Pb and Zn.

The silver assays at both laboratories agree well as shown in Figure 11.3. The blue lines represent ±20% error bars.

Samples with silver greater than 10 g/t generally repeated within ±20% and did not demonstrate a bias up to 200 g/t silver. This is within an acceptable range. For context, the silver results for pulp duplicates analyzed at ALS were generally within ±10% so that approximately half of the variability is accounted for with sub-sampling the pulp.

For the 11 samples with silver over 200 g/t, ALS assays are higher, on average, by approximately 5%. The ALS method for this concentration range is a 4-acid digest with an ICP finish but BV used a fire assay method (Method Code 550). It is not unusual for fire assay to under-report silver if the effect of volatilization is not accounted for properly.

There are two samples that plot as 200 g/t silver by BV but are values reported as greater than 200 g/t silver but not re-assayed by an over-range analytical method.

The gold assays at both laboratories agree well, as shown in Figure 11.4. The blue lines represent ± 20% error bars.

The gold values less than 0.05 g/t gold at ALS reproduce as less than 0.05 g/t gold at Bureau Veritas. Most of the results from the two laboratories agree within ± 20%, but as expected, there is more variability in comparison of the gold results than for the other elements included in the technical report. The variability of the gold assays is expected and is related to sub-sampling of the pulp.

Core Duplicates

For the Levon drill programs, IMC reviewed duplicate assay data for holes C11-98 to C14-274 as part of its work for the development of the September 2014 mineral resource [3]. The 2017 Levon data provided to IMC consisted of 221 assays run on core duplicate samples prepared by ALS from holes C17-275 to C17-292, representing one duplicate assay approximately every 13th sample. IMC found a good agreement between the average of the assays from the original assays to the average from the check assays, and concluded that there was no systematic bias caused by the method of splitting the core.

Lynda Bloom of Analytical Solutions Ltd. reviewed the data for 593 drill core duplicates collected during the 2019 drilling campaign.

Core duplicates were prepared by sawing the second half of the drill core in half again, thus creating a quarter-core (1/4) duplicate. The last quarter of the drill core was returned to the core box for archiving. The depth intervals were the same for the original and duplicate core samples.

Core duplicate assays are collected primarily to measure the expected sampling variability between two halves of the core. Most companies find it is prudent to retain some drill core for auditing purposes and therefore it is industry practice to only use a quarter core for the duplicate sample. As a result, the quarter core duplicates do not provide a true representation of the sampling error associated with routine submission of half of the core.

Analytical Solutions determined that better than 80% of the paired silver, gold, lead, and zinc assays agreed within ±50%. These results for half versus quarter-core duplicates from the Cordero project are typical of base metal projects.

There were 12 cases in the 2019 dataset that had ten-fold differences in the assays for two or more elements. These broad differences may be caused by the style of mineralization, sample numbering issues, analytical problems, or many other possible sources of error. However, no action is taken when there are extreme differences as it is not possible to set a quality expectation for core duplicates and it would be difficult to define a suitable corrective action.

Analytical Solutions Ltd. determined that sufficient core duplicates had been collected at the Cordero project to provide guidance on the impact of splitting core. The 2019 data can be used to inform future resource models and further core duplicates are not required.

It is the opinion of the QP that the sample preparation, security, analytical procedures, and quality control practices of Discovery meet or exceed industry standards and that data from Discovery's drill holes are, therefore, acceptable for the estimation of mineral resources. Furthermore, the data collected by the previous owner, Levon, also has the reliability needed for use in resource estimates. Accordingly, the merging of the Levon and Discovery data bases is appropriate for the purposes of mineral resource estimation.

Density Measurements

For a total of 8,064 samples, approximately one in every 12 samples, the grain density of the dry pulp material was measured using ALS Method Code OA-GRA 08b.

Specific gravity was determined on a 3-gram split of the prepared pulp. The sample was weighed into an empty pycnometer. The pycnometer was then filled with a solvent (methanol or acetone) and then weighed. From the weight of the sample and the weight of the solvent displaced, the specific gravity is calculated as:

$$Dry\ grain\ density = \frac{Weight\ of\ sample\ (g)}{Weight\ of\ solvent\ displaced\ (g) \cdot Specific\ Gravity\ of\ the\ solvent}$$

ALS uses a silica sand with a density of 2.76 for its internal monitoring of the accuracy of its density measurements.

These are grain density measurements, which will run higher than in situ dry bulk density because the pulp powder no longer has the porosity that the rock sample had before it was pulverized. For resource estimation, adjustment factors were developed for converting grain density measurements to reflect the lower dry bulk density. These were based on pulp density measurements and dry bulk density measurements done as part of the metallurgical test work program.

12. DATA VERIFICATION

Data base Verification

Discovery Silver Corp. (DSV) has developed an extensive dataset for the Cordero Project stored and managed using a GeoInfo Tools data base management system designed for the mining and mineral exploration industry. The QP has reviewed the data compilation and has audited the GeoInfo Tools data base.

The QP conducted verification of the Cordero data bases for gold, silver, lead, and zinc by comparing the data base entries with original assay certificates in comma-separated-values (CSV) file format, obtained directly from ALS Webtrieve™.

Assay data was verified for separate datasets from earlier exploration campaigns (2009-2014 and 2017) and Discovery drilling campaigns (2019, 2020, and 2021). All drill hole data has been verified except for the three holes drilled by Industrias Peñoles in 2001 on the Sansón target, which lies outside the 2021 resource area.

Nadia M. Caira, the QP, and Gernot Wober, VP Exploration for Discovery, oversaw the data verification assessment on 66,300 samples from 252 of the 292 drill holes that Levon collected between the years 2009 and 2017. A total of 70,946 drill core samples collected between 2019 and 2021 are included in the 2021 mineral resource estimate. Discovery did not use 40 of the 292 historic drill holes that fall outside of the 2021 resource estimate.

The QP believes the data bases provided by Discovery Silver Corp. to be reliable and does not consider the minor discrepancies encountered during the verification process to be of material impact to the 2021 resource data included in this estimate.

Multiple Site Visits And Independent Sampling Supervision

Nadia M. Caira, the QP, has conducted multiple site visits to the Cordero Property between 2019 to mid-November 2021. During that time, Ms. Caira received an overview of the Project from Discovery Silver Corp. Vice President Exploration, Gernot Wober or designate. The various site visits included:

- Site tours of surface exposures of old mine workings mineralization within the 2021 resource area and the collection of 180 surface rock samples from these mine workings.
- Verification of many drill pads during the various site visits via the FieldMove App, a geological field mapping and data collection app by Petroleum Experts Limited.
- GIS verification of spatial locations of mine workings, drill hole pads, and surface exposures.
- Discussion of drill core handling and drill core sampling and data management procedures and protocols.
- Oversaw the collection, bagging, tagging and shipping of the core samples for the 2021 resource estimate.

QP due diligence mineralization review

During the various site visits by Nadia M. Caira supervised, oversaw the collection of the DSV-due diligence samples collected for the 2021 resource estimate.

- During these site visits, several select drill holes in areas of interest were laid out outside the nearest core logging facility, and mineralization were reviewed and compared to the current logging data base.
- Ms. Caira completed sample collection from several intervals of interest as representive skeleton core samples for future reference. All the sample intervals and entire drill holes reviewed contained carbonate-cemented by sphalerite-galena breccias in a progression from crackle or (stockwork) to puzzle- to mill-matrix breccias.
- In addition, certain intervals contained evidence for multiple events of veining of pyrite-galena superimposed on earlier sphalerite-galena veins, minor chalcopyrite and rare pyrrhotite. In addition, barite-sphalerite veins, pink rhodochrosite +/- fluorite veins as well as late hydrothermal jasperoid-drusy calcite veins,
- Some of the intervals reviewed were strongly oxidized jarosite +/- hematite, in the vicinity of jasperoid-drusy calcite veining as well as along faults.

QP due diligence sampling review

During the multiple site visits, the QP checked the sampling protocols during each site visit. The QP did not collect representative core samples for analysis during each of the numerous site visits. The QP did collect 180 surface samples during a site visit in mid-2021 from each of the numerous mine workings for assay, petrographic and for TerraSpec™ analyses. The assay results for that work have not yet been received. Each sample collected from the workings were mineralized by one or more sphalerite-cemented puzzle breccia, galena-pyrite veins, sphalerite-galena stockwork, and sphalerite-galena cemented fault breccia.

Ms. Caira trained and supervised the geologists that marked a line along each core piece to guide the core-saw technicians in each selected sample interval.

- Ms. Caira personally observed the core-sawing of many of the intervals and observed no irregularities, including core-saw cleaning after every sample, core sample cut along the marked line, core sample placed back in the correct location in the core box.
- Ms. Caira personally observed the sampling protocol during each site visit. One-half of the sawn whole core was placed into a pre-labeled sample bag marked with the designated sample number. Then the sample bag was sealed with a zip-tie.
- Ms. Caira personally observed the management of the standards, duplicate and blanks during all site visits.
- Ms. Caira observed the sample shipping protocol during each site visit. A dedicated 5 tonne truck drives direct from the ALS Chihuahua Prep Lab directly from the worksite to pick up the samples at the secure and gated project site and drives directly back the same day for delivery to the ALS-Chihuahua Prep Laboratory.

ALS is an independent global quality management laboratory that meets the requirements of ISO/IEC 17025:2017 specifications. All of the ALS hub laboratories throughout the world are independent of Discovery and accredited to ISO/IEC 17025:2017 specifications.

The analytical procedure completed on the core samples followed those defined in Section 11.2 of this report.

QP Opinion

The DSV sampling and data verification protocols were overseen in all aspects by Nadia M. Caira (the QP) during each site visit between October 2020 and November 2021. The mineralized intervals reviewed during each site visit match closely for silver, lead, and zinc with visually observed sphalerite, galena, tetrahedrite, rare chalcopyrite and pyrrhotite.

The QP considers the due diligence results to be acceptable.

Based on a detailed evaluation of the QA/QC program, observation in all aspects of the sampling protocols, and review of mineralized drill core intervals with assays during each site visit, it is the QP's opinion that the data is representative and suitable for use in the current 2021 Mineral Resource Estimate.

13. MINERAL PROCESSING AND METALLURGICAL TESTING

Chronology of Cordero Metallurgical Testwork Programs

A total of three phases of metallurgical testwork have been conducted on Cordero samples since 2011. The first two phases were completed under the previous ownership, Levon Resources Ltd., and described in their 2018 NI 43-101 Technical Report [16]; the most recent phase was commissioned by Discovery Silver Corp. A brief overview of the three programs is provided below:

- Preliminary Flotation Study (METCON, Tucson, AZ - August 2011) – The scope of work included sample preparation and head assay of 12 composite samples, comparative Bond Ball Work Index tests, abrasion index testwork and sequential lead-zinc rougher flotation. As part of this study, 21 drillcore samples were submitted to Terra Mineralogical Services (TMS) in Peterborough, ON for optical microscopy.
- Metallurgical Evaluation of The Cordero Deposit (ALS Metallurgy, Kamloops, BC - August 2013) – three production year composites (Years 1-2, Years 3-5 and Years 5 and beyond) were submitted for mineralogical analysis via QEMSCAN, batch rougher and cleaner flotation optimization and locked cycle testing using the optimized conditions for each composite.
- Cordero PEA Metallurgical Testwork Program (Blue Coast Research, Parksville, BC - October 2021) - Testing was completed on a total of 25 composites from across the oxide, transition and sulphide areas of the deposit. The sulphides were also tested by lithology (volcanic, breccia and sediments by pit phase). QEMSCAN mineralogy was conducted on 12 oxide and sulphide composites; on selected composites, comminution testwork was conducted: Bond Ball Work Index; Bond Rod Work Index; the SMC Test to quantify comminution characteristics for a mill with semi-autogenous grinding; and Abrasion Index. The flotation conditions were further optimized for the sulphides and condemnation flotation tests were completed on the oxide composites. Flotation testwork culminated in locked cycle testing using the optimized flowsheets for each sulphide composite. Coarse and fine cyanidation bottle roll tests were conducted on oxide and transition samples, and preconcentration was assessed at a high level via dense media separation and XRT/XRF technology.

This section of the report provides a summary of the work conducted to date on the Cordero project with emphasis on the most recent testwork program conducted at Blue Coast. It should also be noted that a fourth phase of testwork is currently underway at McClelland Laboratories in Reno, NV which is focused on column leach testwork of oxide material to provide amenability level heap leach data. The final report was not available at the time of writing this summary and only preliminary data is included.

Oversight for the 2021 testwork programs was provided by David Middleditch of Libertas Metallurgy Ltd., and by Tommaso Roberto Raponi of Ausenco Engineering, the QP for this section of the Technical Report.

METCON 2011 Program Summary

A brief overview of the METCON 2011 preliminary flotation study is provided below. The testwork program was overseen by M3 Engineering and samples arrived at the laboratory in April 2011. A total of 85 drill core intervals were received, from which 12 composites were prepared.

- Head assays of the composites ranged from 0.26-4.40% Pb, 7-409g/t Ag, and 0.30-4.18% Zn.

- Five of the 12 composites showed high total carbon content i.e. >1% total carbon, but no organic carbon assays were completed.
- Gold grades were generally low at <0.5 g/t Au
- Optical mineralogical analysis was conducted by Terra Mineralogical Services (TMS) and concluded that galena and sphalerite were the main economic minerals of interest with a number of silver carriers identified (galena, Ag-Sb sulfosalts, argentite, acanthite, fribergite and silver tellurides) all suggesting that silver recoveries should track lead recoveries. In the absence of QEMSCAN, no quantitative statements around mineral grain size and liberation were made.

A series of comparative Bond Ball Work Index (BBWI) tests were run by comparing laboratory grind times to a known sample. This method is indicative only and the BBWI data from the METCON report cannot be included in the overall project comminution data base. The comparative work index results ranged from 9.7-15.4 kWh/t.

A total of five Abrasion Index (Ai) tests were conducted on crushed samples at Phillips Enterprises LLC and ranged from 0.030 to 0.095. These tests can be included in the project comminution data base and will be summarised further in the comminution section of this summary.

Rougher flotation tests were conducted on each of the 12 composites at a target primary grind size of 80% passing (P_{80}) 75µm. Zinc sulphate and sodium cyanide were added to the primary mill with a lead collector, and post lead flotation the zinc was activated by copper sulphate at pH 11.0 with a zinc selective collector. A pyrite float was also added to recover additional gold. The results of these tests are summarized below:

- Lead recovery to lead concentrate was excellent (>90%) for 11 of the 12 composites with relatively low (<25%) zinc misplacement to the lead concentrate observed. Silver recovery generally tracked the lead recovery to lead concentrate and was >73% for 11 of the 12 composites.
- Gold recovery to the lead and zinc rougher concentrates was generally low and gold recovery to the pyrite rougher was variable suggesting that there is a mix of gold associations in the ore, with a significant portion of it being refractory.

A grind versus recovery evaluation was conducted on a single composite (Composite 3, head grade 0.5% Pb, 0.6% Zn and 36g/t Ag) at P_{80}s of 74, 125 and 177 µm and showed no significant difference in metal recovery or lead/zinc selectivity suggesting that future testwork phases should include evaluation of coarser grinds. Though not exhaustive, the testwork conducted at METCON provided the project owners at the time with enough confidence to proceed with a more thorough follow up testwork program at ALS Metallurgy in Canada. As final concentrates were not produced from this program, it is not recommended that the results be included in the latest PEA recovery projections, rather it is a useful piece of the flowsheet development story for Cordero.

ALS Metallurgy 2013 Program Summary

Commencing in December 2012, a testwork program was executed at ALS Metallurgy in Kamloops, BC under the direction of M3 Engineering and on behalf of Levon Resources Ltd. The program involved testing on four main production period composites including optimization testwork culminating in locked cycle testing using the optimized flowsheet and detailed mineralogical analysis via QEMSCAN. A brief summary of the program is provided here.

- The composite lead head grades ranged from 0.18-0.36% Pb, 0.21-0.58% Zn and 16-27 g/t Ag. The gold grade was <0.12 g/t for all composites and total carbon ranged from 0.22-1.83%. Minor amounts of cadmium, arsenic and antimony were observed. It should be noted that the relatively low base metal and silver grades were targeted as Levon Resources Ltd. envisioned a much larger, bulk tonnage operation on a larger resource with materially lower head grades.
- Mineralogical analysis via QEMSCAN indicate that galena is the main lead mineral although Composites 1 and 1A both contained up to 28% of the lead in non-galena forms such as zinc oxides. Further analysis of the intervals from the drill holes that comprised these samples confirmed that shallow (<50 m) material was accidentally included in these composites therefore potentially contaminating the sulphide flotation composites with oxide/transition material which would be expected to have a different mineral makeup. It should be noted that this was not known by Levon at the time and proper sampling of the deposit for the 2021 PEA testwork characterised a sulphide-oxide "horizon" to avoid repeating this error.
- Sphalerite was again mostly observed in sphalerite, but composite 1 contained approximately 25% of the zinc in a manganese carbonate mineral which would be expected to have a negative impact on zinc recovery in a sulphide flotation process. This was again linked to poor sample selection for the PEA and inclusion of oxide material in the sulphide composites. The 2021 samples showed no indication of non-sulphide zinc in the sulphide zones.
- Pyrite was observed and represented between 2 and 4% of the modal mineral mass of the composites.
- Galena liberation at a primary grind P_{80} of 125μm ranged from 23-60% and sphalerite liberation ranged from 55-61% which is lower than the 2021 PEA samples and likely linked to the lower head grades and/or contamination of the sulphide samples with oxide material.

No additional comminution testwork was conducted in the 2013 program. Optimization of the flotation testwork reagents and conditions was conducted on the composites at a nominal primary grind P_{80} of 125μm including:

- Zinc sulphate and NaCN dosage (used for zinc depression in the lead circuit)
- Collector type and dosage in the lead circuit
- Copper sulphate dosage (used for zinc activation in the zinc circuit)
- pH level in the zinc circuit (modulated with lime)
- Collector dosage and type in the zinc circuit
- Cleaner circuit testwork on both the lead and zinc circuits included regrinding of the rougher concentrates (to P_{80}s of 10-21μm for lead and 15-42μm for zinc) and three stages of cleaning per circuit, therefore the flowsheet configuration and reagent chemistry are considered to be conventional for this type of deposit.

The program culminated in a locked cycle test on three of the four composites (Composite 1 was abandoned due to the high content of oxide minerals) using the optimized conditions from the batch rougher and cleaner tests and the following flowsheet configuration.

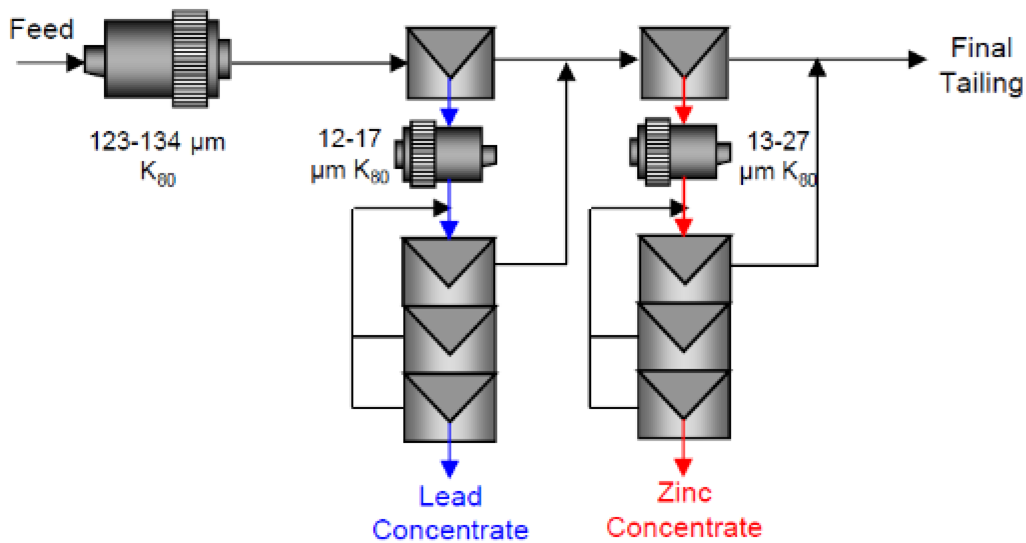


Figure 13.1 Locked cycle test flowsheet configuration (from [18]).

Results of the three locked cycle tests are summarized in Table 13.1 below:

Table 13.1 Summary of locked cycle test results (from [18]).

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

Lead concentrate grades were good and ranged from 49-73% Pb, 2700-7200 g/t Ag and 1.5-7.0% Zn. The lead recoveries to lead concentrate were variable and ranged from a low of 53% (Composite 1A) to a high of almost 90% (Composite 2). Silver recovery to lead concentrate appear to track lead recovery and ranged from 50-80%. The zinc misplacement to the lead concentrate was also consistently low at just 2-4% suggesting that the grinding strategy and depressant dosages derived from this program were adequate.

Zinc concentrate grade ranged from 44-54% Zn and 290-1000 g/t Ag with zinc recovery relatively consistent at 79-83%. Additional silver recovery into the zinc concentrate represented between 8 and 18% recovery, bringing total silver recovery for Composite 1A, 2 and 3 to 78%, 88% and 64% respectively.

The results were generally encouraging but lower lead and silver recoveries for Composites 1A and 3 were of concern and based on the findings of the recent Blue Coast Research testwork program the omission of a preflotation stage for organic carbon in the ALS Metallurgy and METCON programs could be a cause for this. There were also concerns about the inclusion of oxide material in Composite 1A and this could have played a part in the lower recoveries observed for this composite. It should be noted that consistently high recoveries were observed in the 2021 Blue Coast Research program, even for material with head grades lower than this study.

2021 Metallurgical Testwork Summary

Sample selection and representivity

The majority of the 2021 flowsheet development testwork was conducted on 12 rock types and pit phase composites. A total of three pit phases were considered (P23, P29 and P34) with four rock types selected per pit phase (Volcanic, Breccia, Sedimentary and Oxide). P23 was representative of the first phase of mining with samples sourced from the Pozo de Plata zone. P29 was representative of the next phase of mining with samples mostly sourced from the NE Extension zone. P34 was representative of the final phase of mining with samples mostly sourced from the South Corridor.

The samples were selected by Discovery Geologists to be representative of not just the grade of the various rock types within each mining phase, but also the spatial coverage with intervals being sourced from multiple holes within each phase. Sample selections were reviewed by Libertas Metallurgy before shipping to Blue Coast Research in Parksville, Canada for sample preparation and further analysis.

The measured head grades for the 12 composites are summarized in Table 13.2 below.

Table 13.2 2021 metallurgical testwork rock type/pit phase composites head grades.

Composite ID	Ag *(g/t)*	Pb *(%)*	Zn *(%)*
P23 VOLC	37	0.55	0.63
P23 BRX	42	0.57	0.56
P23 SEDS	29	0.48	0.30
P23 OX	49	0.42	0.10
P29 VOLC	28	0.49	0.63
P29 BRX (Breccia-Volcanics)	40	0.58	0.79
P29 SEDS	25	0.41	0.53
P29 OX	50	0.41	0.20
P34 VOLC	37	0.38	0.81
P34 BRX	32	0.37	0.57
P34 SEDS	28	0.42	0.83
P34 OX	33	0.13	0.18

Mineralogical (QEMSCAN) analysis

As noted in the previous summary sections, mineralogical analysis of the 2011 and 2013 composite samples was conducted; however, some of this data has been questioned due to concerns over sample selection and sample quality as well as the inherent limitations of optical mineralogy per the TMS 2011 study. As part of the 2021 Blue Coast Research program, QEMSCAN mineralogical analysis was conducted on 12 carefully selected samples by lithology and pit phase. The analysis was conducted at ActLabs in Ancaster, ON under the direction of Blue Coast and Libertas Metallurgy Ltd. This recent work is therefore considered definitive for the Cordero project and past mineralogical testwork was discussed in previous sections for context only.

Each sample was ground to a nominal P_{80} of 120µm and sized into three size fractions (+75µm, -75/+38µm, and -38µm).

Modal mineralogy indicates that the predominant sulphide mineral contained across the volcanic, sedimentary, and breccia samples was pyrite. Sphalerite and galena were present in the volcanic, sedimentary, and breccia samples to a lesser extent than pyrite. The oxide composites did not contain significant amounts of sulphide minerals.

The gangue mineralogy was dominated by quartz, plagioclase, K-feldspar, Si/Al clays, and calcite. The sedimentary samples contained the largest concentration of calcite, while the oxide samples contained the least calcite. The oxide samples contained the most amount of Si/Al clays compare to the other lithologies.

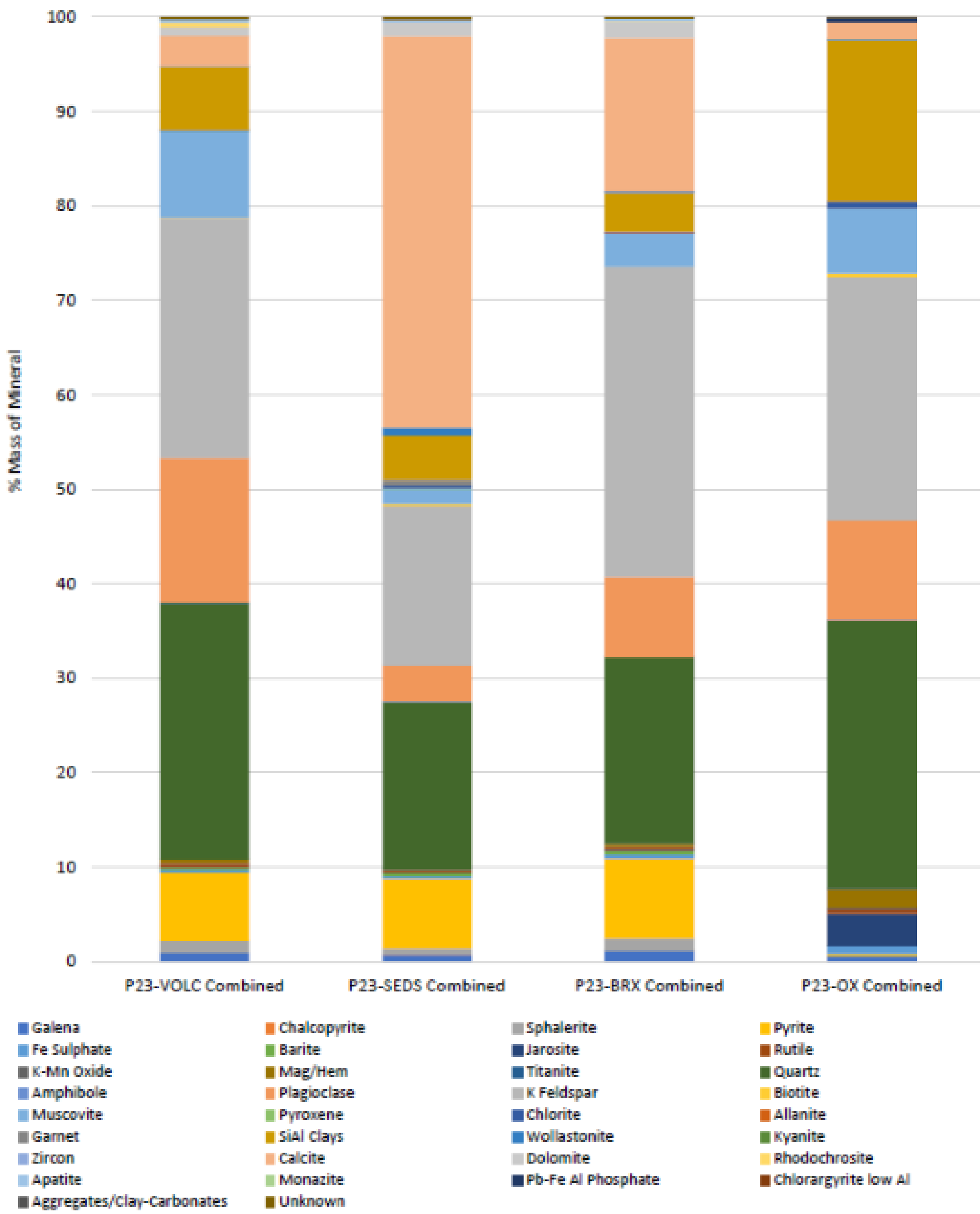


Figure 13.2 Pit 23 lithology composites modal mineralogy.

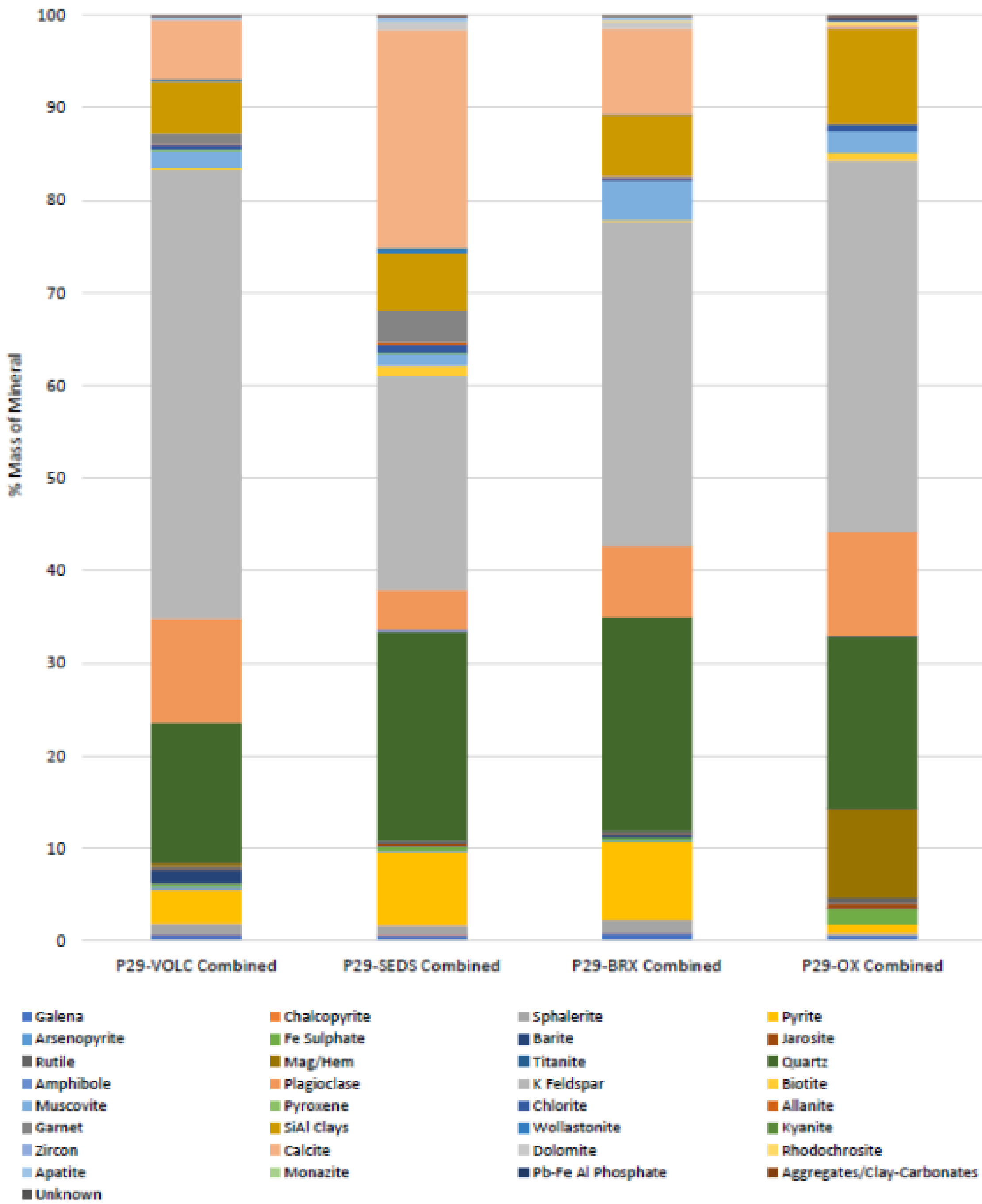


Figure 13.3 Pit 29 lithology composites modal mineralogy.

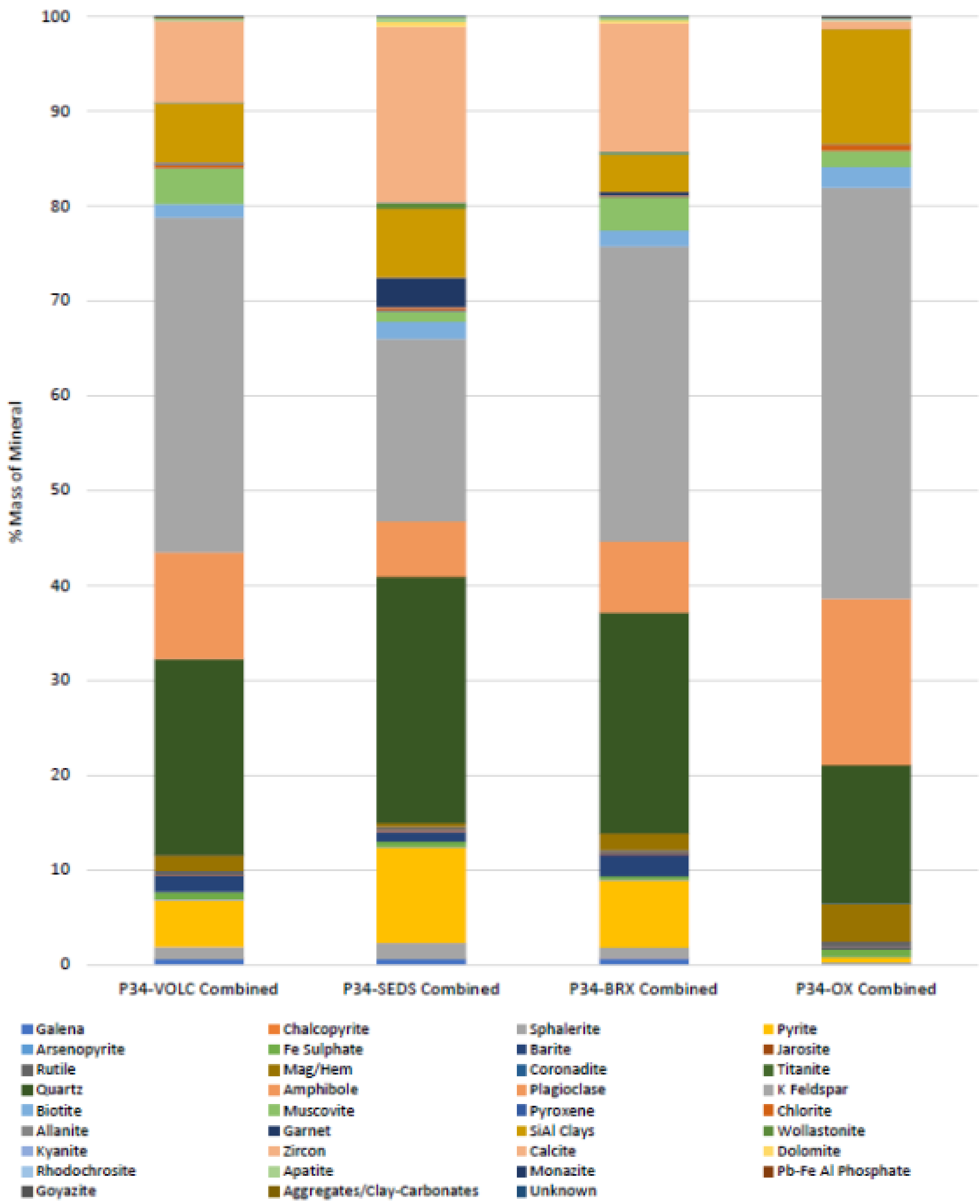


Figure 13.4 Pit 34 lithology composites modal mineralogy.

Liberation of the sphalerite and galena for each composite is summarised below. Both minerals were generally well liberated in the sulphide composites at the primary grind P_{80} of 120 µm with sphalerite, on average, more liberated than galena at 89% versus 66%. This data points towards the opportunity for implementation of coarser primary grinds at Cordero and only moderate regrinding to achieve clean lead and zinc concentrates.

Table 13.3 Summary of pit composite galena and sphalerite liberation.

Composite ID	Galena Liberation *(%)*	Sphalerite Liberation *(%)*
P23 VOLC	74	90
P23 BRX	73	81
P23 SEDS	72	85
P23 OX	52	96
P29 VOLC	67	90
P29 BRX (Breccia-Volcanics)	69	85
P29 SEDS	78	85
P29 OX	61	99
P34 VOLC	56	88
P34 BRX	82	90
P34 SEDS	64	81
P34 OX	44	95
AVERAGE	66	89

Comminution testwork

Four of the Master Composites from the Blue Coast 2021 PEA studies were subjected to Bond Ball Work Index testing at a closing screen size of 212 µm. The coarser than standard closing screen size was selected due to the coarser primary grinds that were established during flotation optimization testwork discussed later in this report. Work indices ranged from 17.6 kWh/t to 19.5 kWh/t, classifying Cordero material as “hard”.

Table 13.4 Summary of Bond Ball Work Index test results (from [19]).

Composite ID	Bulk Density *(t/m³)*	F_{80} *(µm)*	P_{80} *(µm)*	Grams per Revolution	Bond Ball Work Index *(kWh/t)*	Category
VOLC MC	2.64	2119	169	1.42	19.5	Hard
SEDS MC	2.71	1956	165	1.46	18.9	Hard
P29-BRX	2.68	1905	167	1.59	17.9	Hard
BRX Comp 1	2.66	2119	158	1.51	17.6	Hard

All four of the Pit 23 samples along with the oxide samples from Pit 29 and Pit 34 were sent to SGS Minerals Services in Burnaby, British Columbia for Steve Morrell Comminution (SMC) and Bond Abrasion Index (Ai) testing. In addition to the six pit composites, a Run of Mine (ROM) composite was also sent to SGS for Bond Rod Mill Work Index (RWI) testing.

The A x b values from the SMC testwork indicates that the Cordero material falls into the medium hardness category in terms of impact breakage with an average A x b value of 52 excluding P23-OX. The A x b value of P23-OX was significantly different from the other samples tested, with an A x b value of 99, indicating that it falls into the soft category in terms of impact breakage.

Table 13.5 Summary of SMC test results (from [19]).

Composite ID	Bulk Density *(g/cm³)*	A	b	A x b	Hardness Percentile	ta	SCSE *(kWh/t)*
P23-BRX	2.61	83.5	0.56	46.8	48	0.46	9.09
P23-OX	2.39	70.3	1.41	99.1	11	1.07	6.95
P23-SEDS	2.73	73.7	0.71	52.3	39	0.50	8.81
P23-VOLC	2.55	74.2	0.76	56.4	34	0.57	8.37
P29-OX	2.50	76.4	0.68	52.0	40	0.54	8.64
P34-OX	2.49	73.2	0.73	53.4	38	0.56	8.55

The Bond Abrasion testwork conducted on the six pit composites shows that the Cordero material ranges from mildly abrasive in the P23-OX sample to moderately abrasive in the P34-OX sample.

Table 13.6 Summary of Abrasion Index test results (from [19]).

Composite ID	Ai	Percentile of Abrasion	Category
P23-BRX	0.351	59	Medium
P23-OX	0.133	24	Mild
P23-SEDS	0.142	26	Slightly Abrasive
P23-VOLC	0.299	51	Medium
P29-OX	0.473	73	Moderately Abrasive
P34-OX	0.488	75	Moderately Abrasive

It should be noted that these abrasion indices are significantly different from the results obtained by Phillips Enterprises as part of the METCON study in 2011. The origin of the 2011 samples is unknown but the data suggests that this material was significantly less abrasive. It is recommended that additional testwork be conducted to further increase the abrasion index data base as the project evolves.

Table 13.7 Summary of METCON's 2011 Abrasion Index test results (from [20]).

Composite ID	Abrasion Index (Ai)
C09-4	0.0792
C10-9	0.0823
C10-46	0.0760
C11-102	0.0947
C11-115	0.0304

Preconcentration

As part of the Blue Coast 2021 testwork program a 5.0kg "Run of Mine" (ROM) composite grading 32 g/t Ag, 0.47% Pb, 0.73% Zn and 0.15 g/t Au was crushed to 100% passing 12.5 mm (½") and wet screened at 1.18mm to remove fine material. The fines were weighed and submitted for assay while the coarser material was subjected to Dense Media Separation (DMS) amenability testing at four different specific gravities (3.05, 2.95, 2.85 and 2.75). The results for this test are summarized below.

Table 13.8 Summary of Dense Media Separation test results (from [19]).

	Weight		Assays						Distribution *(%)*					
Product	*g*	*%*	**Au** *(g/t)*	**Ag** *(g/t)*	**Pb** *(%)*	**Zn** *(%)*	Fe ***(%)***	**S** *(%)*	**Au**	**Ag**	**Pb**	**Zn**	**Fe**	**S**
SG 3.05 Sink	237.3	4.9	0.96	220	3.35	4.74	20.0	24.4	31.0	34.0	35.5	31.9	25.9	28.1
SG 2.95 Sink	72.8	1.5	0.28	70	0.90	2.13	11.3	10.2	2.8	3.3	2.9	4.4	4.5	3.6
SG 2.85 Sink	180.7	3.8	0.24	45	0.63	1.42	8.21	7.71	5.8	5.3	5.1	7.3	8.1	6.8
SG 2.75 Sink	234.0	4.9	0.23	35	0.54	0.95	5.01	5.31	7.2	5.3	5.6	6.3	6.4	6.0
SG 2.75 Float	3202.5	66.7	0.05	11	0.15	0.27	1.81	1.91	22.1	22.4	21.1	25	31.6	29.6
-1.18 mm	871.2	18.2	0.26	53	0.76	1.03	4.97	6.14	31.1	29.8	29.8	26	23.6	25.9
Total	4798	100	0.15	32	0.47	0.73	3.83	4.29	100.	100.	100.	100.	100.	100.
Direct Head	4800	100.0	0.13	34	0.46	0.68	3.99	4.20	-	-	-	-	-	-
Reconciliation	100.0	-	122.1	94.8	100.9	108.0	96.0	102.3	-	-	-	-	-	-
SG 3.05 & Fines	1108.5	23.1	0.41	88	1.32	1.83	8.20	10.0	62.0	63.7	65.3	57.5	49.5	54.0
SG 2.95 & Fines	1181.3	24.6	0.40	87	1.29	1.85	8.39	10.0	64.8	67.1	68.2	61.9	54.0	57.6
SG 2.85 & Fines	1362.0	28.4	0.38	82	1.20	1.79	8.36	9.73	70.6	72.4	73.3	69.1	62.1	64.3
SG 2.75 & Fines	1596.0	33.3	0.36	75	1.11	1.67	7.87	9.09	77.9	77.6	78.9	75.5	68.4	70.4

Mass recoveries to the sinks were generally low, resulting in high upgrades and high mass rejection but at the expense of metal recovery. The highest metal recovery to combined DMS sinks and fines was achieved at SG 2.75 where 67% of the mass was rejected to the floats. The upgraded product grades were 75 g/t Ag, 0.36 g/t Au, 1.11% Pb and 1.67% Zn at metal recoveries of 78%, 79%, 79% and 76% respectively. These recoveries are likely too low to justify preconcentration but the mass rejection profiles at the SGs tested suggest that further optimization at lower media SG would likely result in higher metal recoveries while still removing significant amounts of barren, waste material.

Also during the Blue Coast Research 2021 testwork program, composites of Sulphide and Oxide material were shipped to Steinert in Kentucky, USA for mill feed sorting testwork via XRT (X-Ray Transmission) technology. A 42 kg sulphide composite grading 25 g/t Ag, 0.42 g/t Au, 0.45% Pb and 0.40% Zn. Mass rejection to the waste stream with XRT technology was lower than the DMS testwork at Blue Coast but recoveries to concentrate were significantly higher. The results for Step 4 of the XRT testwork at Steinert are summarized below.

Table 13.9 Summary of Step 4 of XRT mill feed sorting test results (from [21]).

	Weight		**Grade**				**Recovery** *(%)*			
	Mass *(kg)*	Mass *(%)*	Ag *(g/t)*	Au *(g/t)*	Pb *(%)*	Zn *(%)*	Ag	Au	Pb	Zn
Feed	42.2	100.0	25.5	0.42	0.45	0.4	100	100	100	100
Step 4 Conc.	32.0	75.8	31.8	0.52	0.57	0.48	95	93	97	91
Step 4 Waste	10.2	24.2	5.7	0.12	0.06	0.14	5	7	3	7

XRT mill feed sorting rejected approximately 24% of the sample mass with metal recovery losses of just 5%, 7%, 3% and 7% for silver, gold, lead and zinc respectively.

<u>Flotation optimization, Blue Coast Research 2021</u>

The most significant body of flotation optimization testwork conducted to date on the Cordero project was executed during the Blue Coast Research 2021 testwork program commissioned by Discovery and under the direction of Libertas Metallurgy Ltd. and Ausenco Engineering. A total of 74 batch rougher and cleaner tests and four locked cycle tests were conducted on the main "resource grade" samples from the main rock types (VOLC, SED, BRX, OX) and an additional 13 batch rougher and cleaner tests were completed on lower grade rock type composites representative of the stockpiled lower grade material.

The 12 rock type/pit phase composites were subjected to rougher flotation optimization testwork first, prior to the combination of various composites to make lithology master composites. The ALS Metallurgy flowsheet and reagent conditions were used as a starting point and optimized where required. Upon completion of the initial sighter tests on the oxide composites it was decided to not pursue flotation as an option for oxide material as flotation response was poor and the cyanidation bottle roll testwork being conducted in parallel was showing promise.

The reagent suite used for the initial sighter tests consisted of the following:

<u>Lead Circuit</u>

- Soda ash (Na_2CO_3) - pH modifier
- Zinc Sulphate ($ZnSO_4$) – zinc depressant
- Sodium Cyanide (NaCN) – pyrite and zinc depressant
- Aerofloat 31 – dicresyldithiophosphoric acid, thiocarbanilide, cresylic acid mixture used as the primary lead sulphide collector
- Methyl isobutyl carbinol (MIBC) – alcohol based frother

Zinc Circuit

- Lime - pH modifier
- Copper Sulphate ($CuSO_4$) – zinc sulphide activator
- Aero 5100 - allyl alkyl thionocarbamate used as the primary zinc sulphide collector
- Methyl isobutyl carbinol (MIBC) – alcohol based frother
- Aero and Aerofloat products are produced by Solvay

Initial Sighter Tests

The sighter rougher tests conducted on the 12 pit composites showed that samples from the same lithologies had consistent performance in the lead circuit with each other, the only exception being the P29-BRX composite which performed significantly better than its Pit 23 and Pit 34 counterparts (92% versus 50% lead recovery). The volcanic samples performed the best overall, averaging 90% lead recovery while the other samples performed significantly poorer.

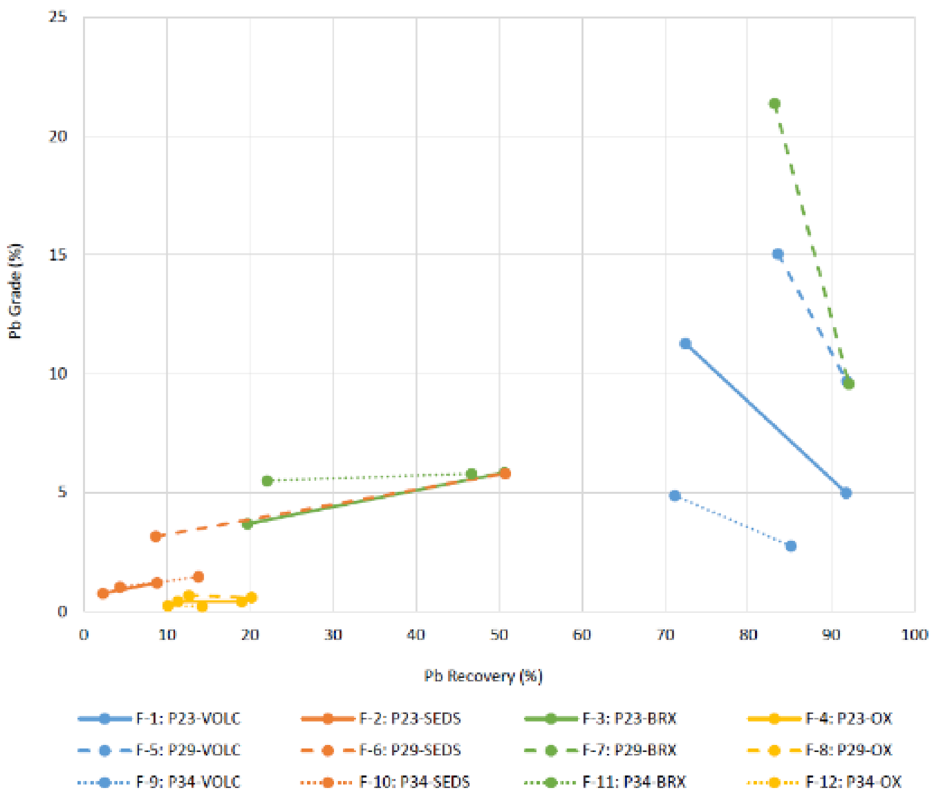


Figure 13.5 Lithology/pit composites lead grade recovery curves.

The initial sighter tests also showed that the silver recovery had a linear relationship with lead recovery in the volcanic, sedimentary, and breccia lithologies. The oxide samples did not show the same relationship.

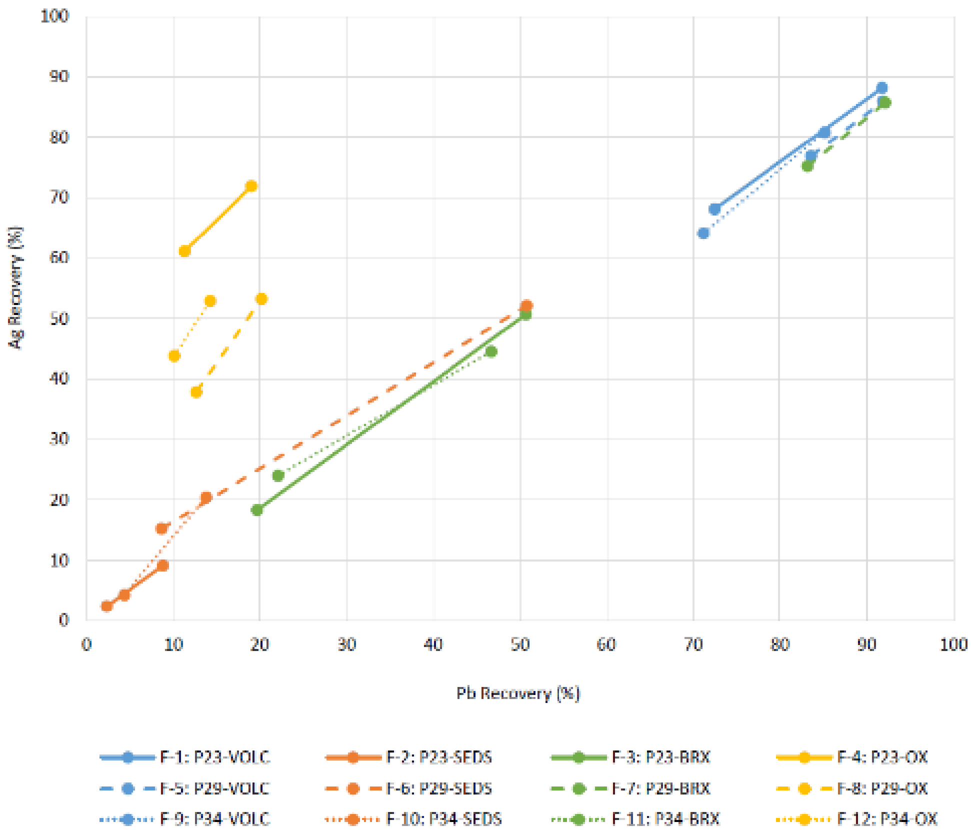


Figure 13.6 Lithology/pit composite silver vs. lead recovery to the lead rougher.

The zinc circuit also showed that the lithologies performed consistently with one another, however unlike in the lead circuit the sedimentary and breccia samples recovered more zinc than the volcanic samples on average. Again, the oxide samples had the poorest flotation performance of the four lithologies.

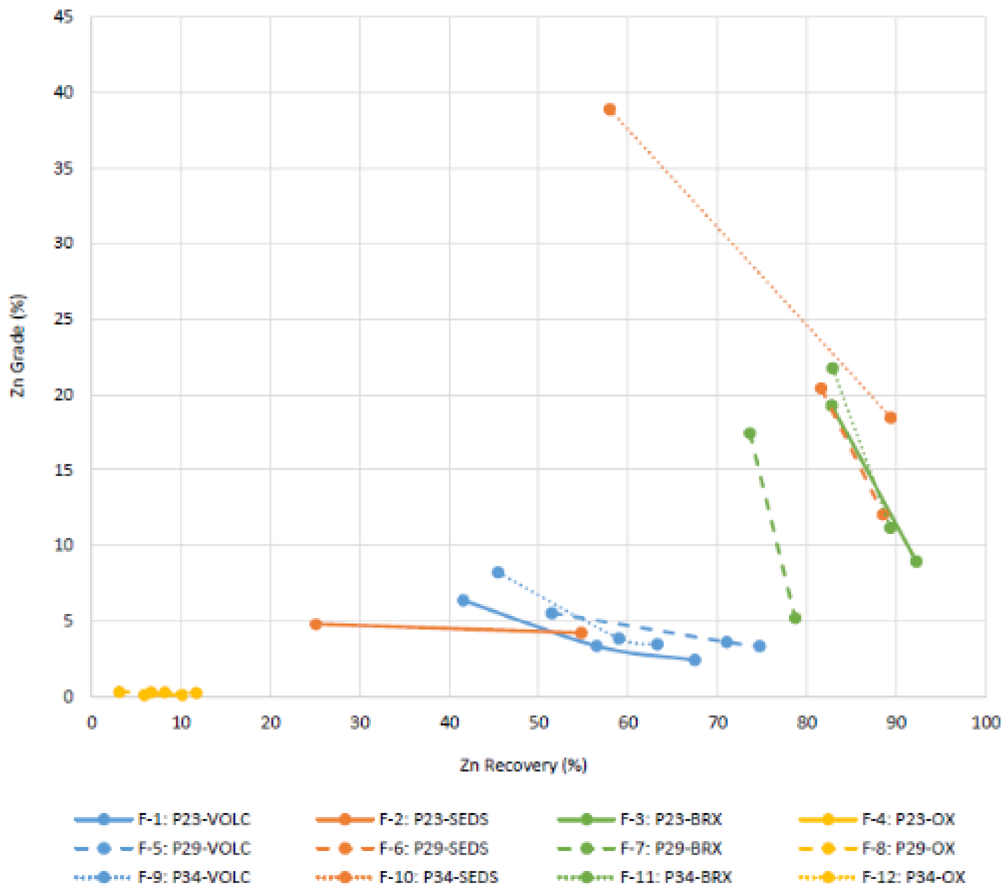


Figure 13.7 Lithology/pit composite zinc grade versus zinc recovery.

It was observed during the flotation of the three sedimentary and the two poorer performing breccia samples that carbonaceous material was present and was preferentially floating in the lead circuit. The carbonaceous material was concluded to be the main contributing factor to the poor lead metallurgy in the initial sighter tests. Carbon pre-float rougher tests were conducted on the P23-SEDS, P23-BRX, and P34-BRX composites to assess whether or not the carbon could be removed with minor silver, lead, and zinc losses while improving the flotation performance.

Significant improvements in lead circuit performance were achieved by the addition of the preflotation step and metal losses to the preflotation concentrate were low. The results are summarised in the grade recovery curves below.

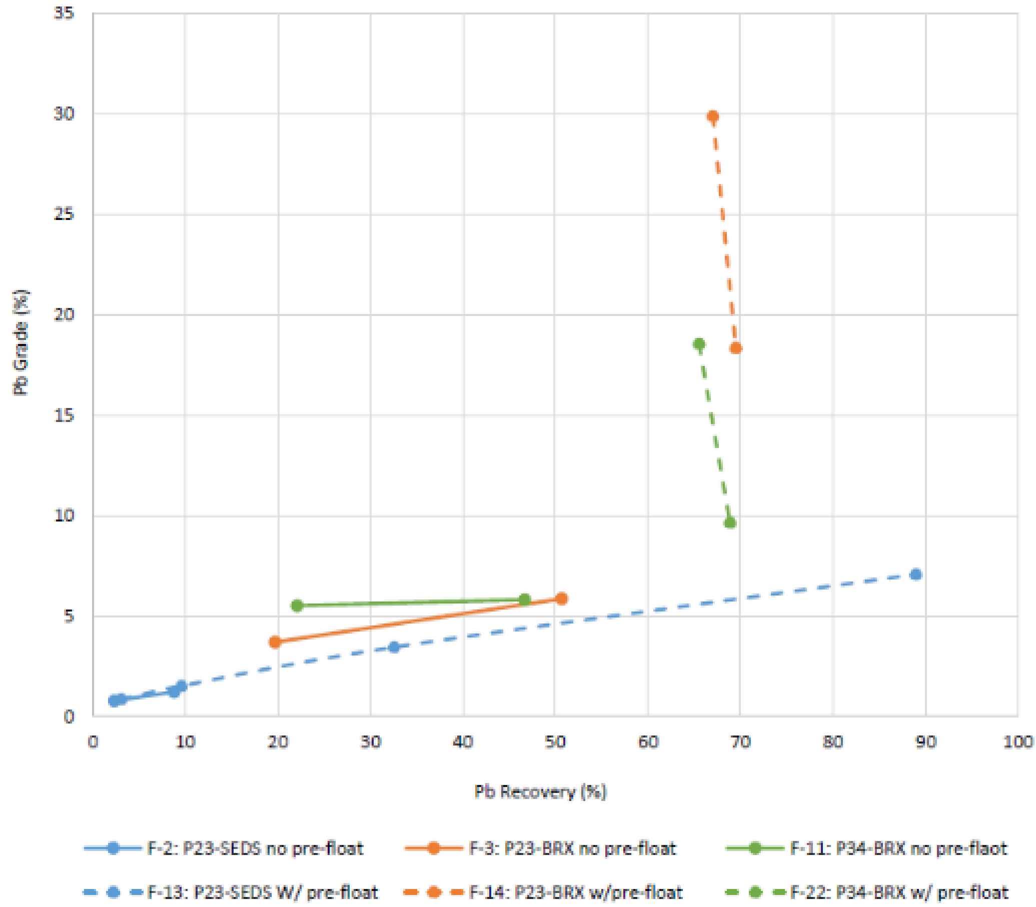


Figure 13.8 Preflotation test series lead recovery versus grade curves.

At 5-6 minutes of flotation, the carbon pre-float for P23-SEDS misplaced less than 5% of the silver and lead and was deemed to be successful. However, a 5-minute prefloatation stage misplaced over 14% of the silver and lead in the P23-BRX and P34-BRX composites and was deemed much less successful. Therefore, prefloatation kinetics were completed and a shorter prefloatation residence time of 2 minutes was derived, reducing silver and lead misplacement to <5% for the breccia composites.

Additionally, the P23-SEDS, P23-BRX, and P34-BRX composites were subjected to flotation at a lower pulp density of approximately 22% solids. The lower pulp density showed improved lead metallurgy compared to the standard pulp density of approximately 38%.

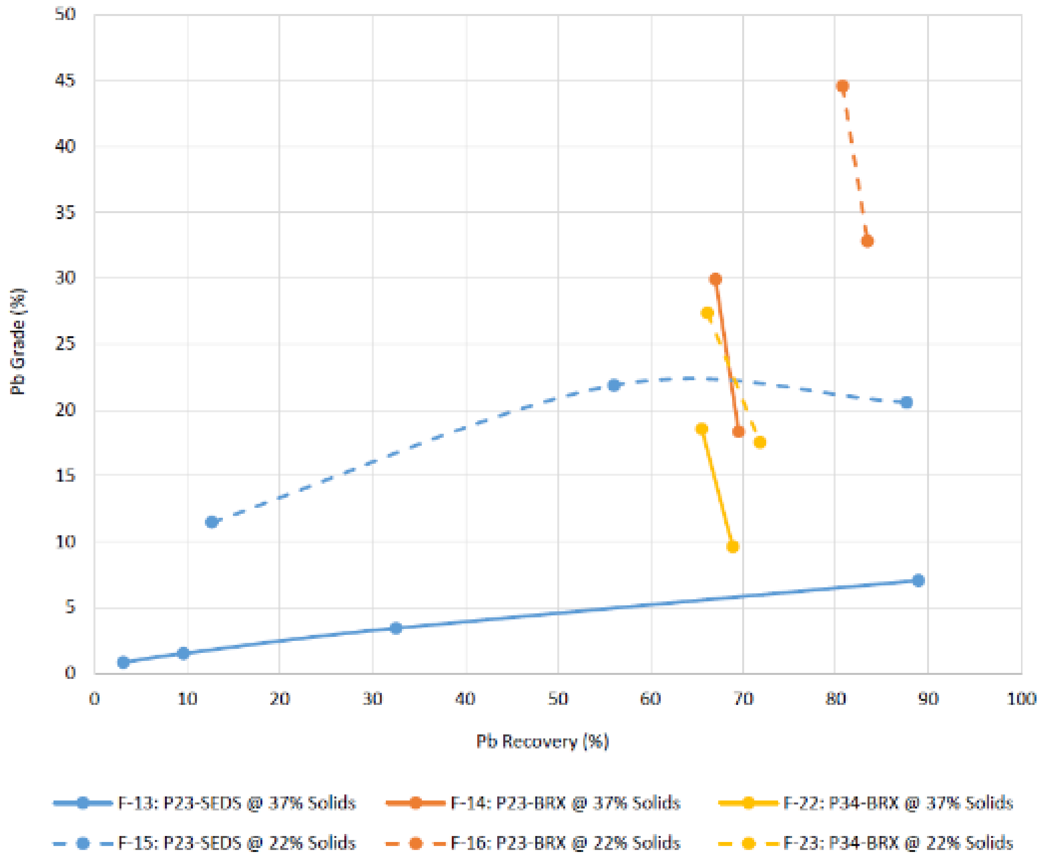


Figure 13.9 Pulp density sensitivity tests lead grade versus recovery curves (with carbon prefloat).

From the initial testwork of the individual pit composites it was concluded that the master composites should be based upon lithology, with the exception of the Breccia-Volcanics composite as its metallurgical performance more closely resembled the volcanic samples, while F23-BRX and P34-BRX more closely resembled the sedimentary samples. The following composites were created and taken into further optimization and ultimately locked cycle testing:

- VOLC Master Composite
- SED Master Composite
- Breccia-Volcanics Comp
- Breccia-Sedimentary Comp

The initial flotation testwork also concluded that two primary flowsheets should be employed in this program. The first flowsheet would only include a standard sequential lead-zinc flotation scheme, while the second flowsheet would include a carbon pre-float stage ahead of lead flotation to eliminate the problematic carbonaceous material from the circuit.

Primary Grind versus Recovery

The impact of primary grind on Pb and Zn rougher performance was investigated via a series of grind versus recovery batch rougher tests for the VOLC and SEDS master composites. Primary grinds were tested from P_{80} of ~100 µm to ~275 µm. The conditions were held constant for each batch of sensitivity tests with the only difference being the SEDS master composite tests employed a carbon pre-float ahead of the lead rougher. Zinc depressants (30 g/t $ZnSO_4$, 10 g/t NaCN), lead collector (12 g/t 3418A), lead circuit pH 9.0, zinc activator (175 g/t copper sulphate), zinc collector (10 g/t of Flotter's X5100) and zinc rougher pH 11.0 were the conditions employed.

Lead rougher recoveries >90% were consistently achieved across the entire primary grind range for the VOLC master composite, with higher rougher concentrate grades achieved at coarser grinds. For the SEDS mater composite, lead rougher recovery ranged from 83-88% with higher recoveries again achieved at coarser primary grinds. Silver recovery tracked lead recovery closely, approaching 86% for the VOLC master composite and 82% for the SEDS.

Zinc rougher recoveries were also superior at the coarser grinds for both composites at 68-72% zinc recovery for the VOLC master composite and 85-88% for the SEDS master composite.

Upon completion of the grind sensitivity testwork a primary grind P80 of 200µm was selected as the optimum. This was later validated on the Breccia-Volcanics composite and the Breccia-Sedimentary composite and shown to be effective also.

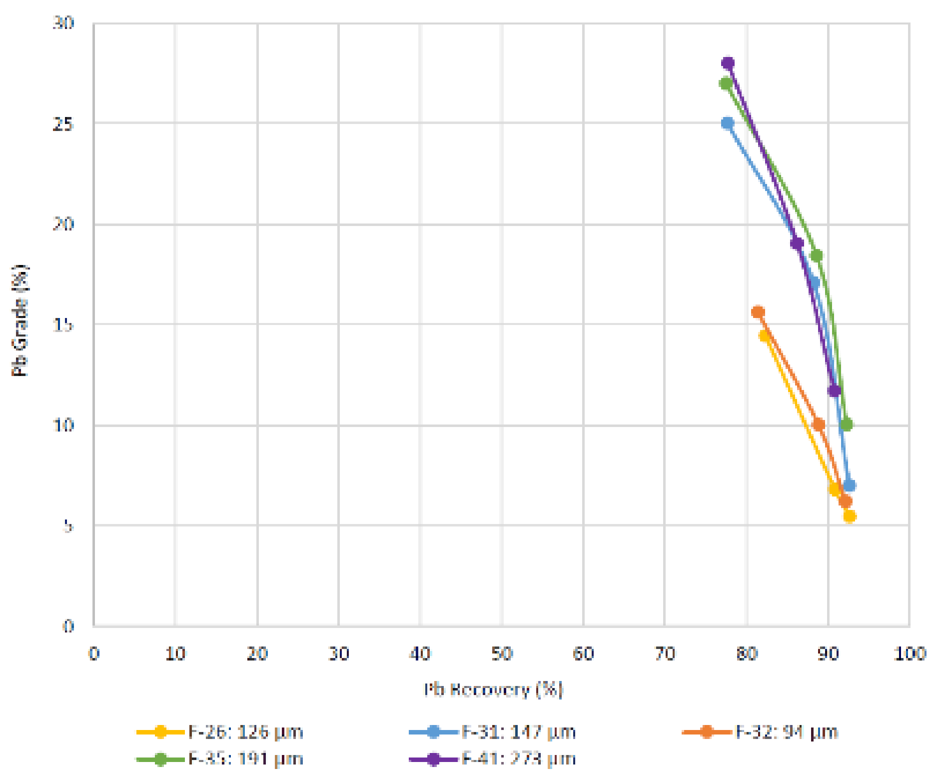


Figure 13.10 VOLC master composite primary grind vs recovery sensitivity (Pb grade recovery curves).

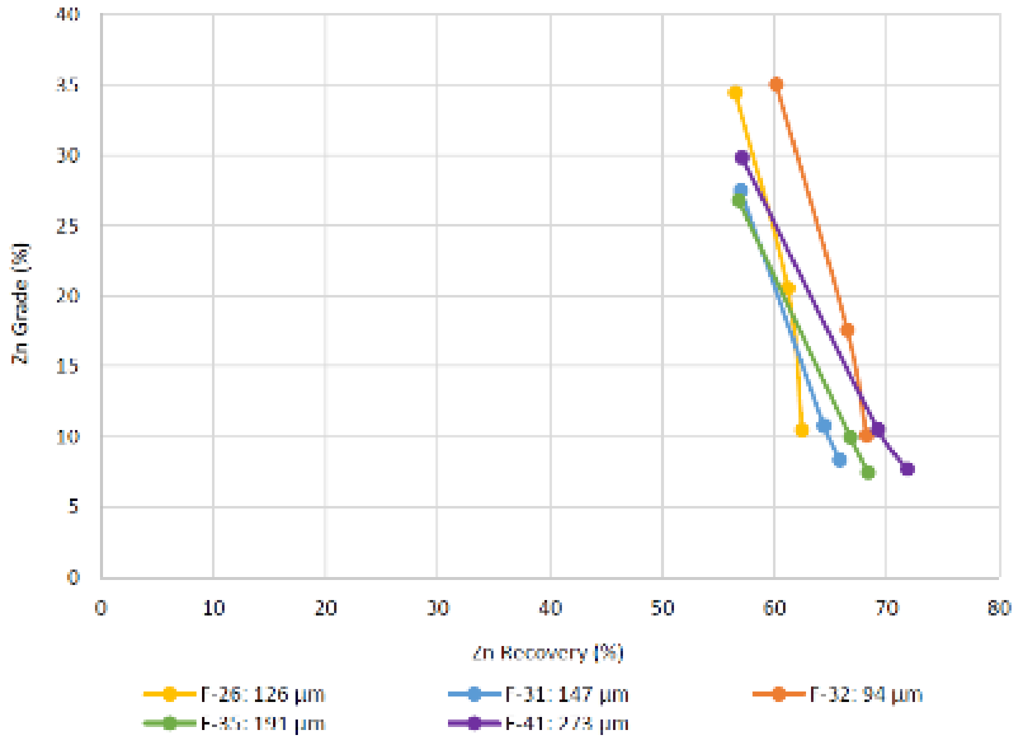


Figure 13.0.11 VOLC master composite primary grind vs recovery sensitivity (Zn grade recovery curves).

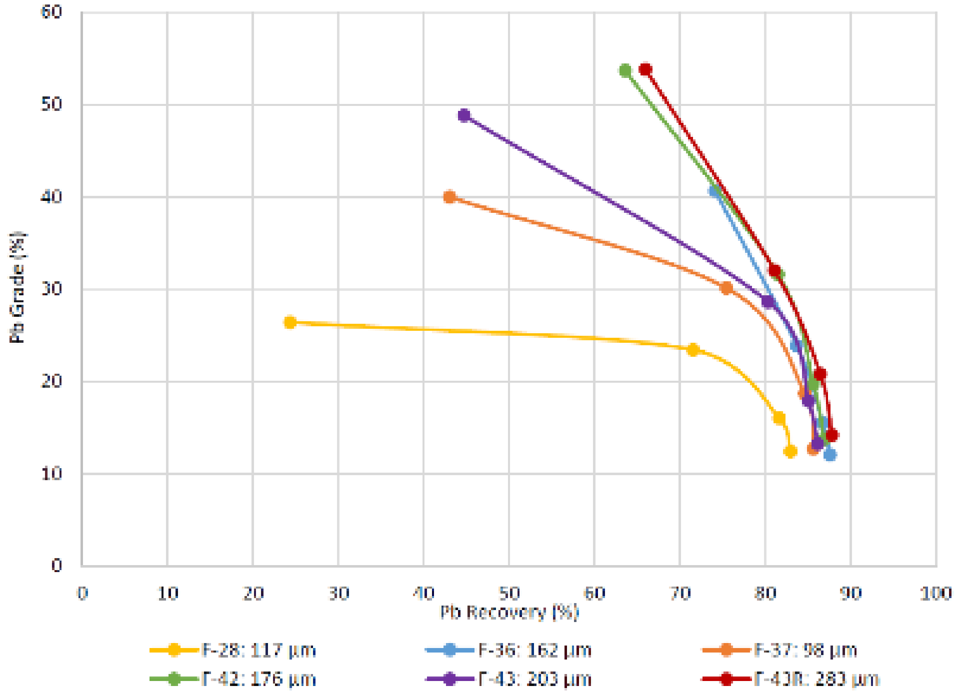


Figure 13.12 SEDS master composite grind vs recovery sensitivity (Pb grade versus recovery).

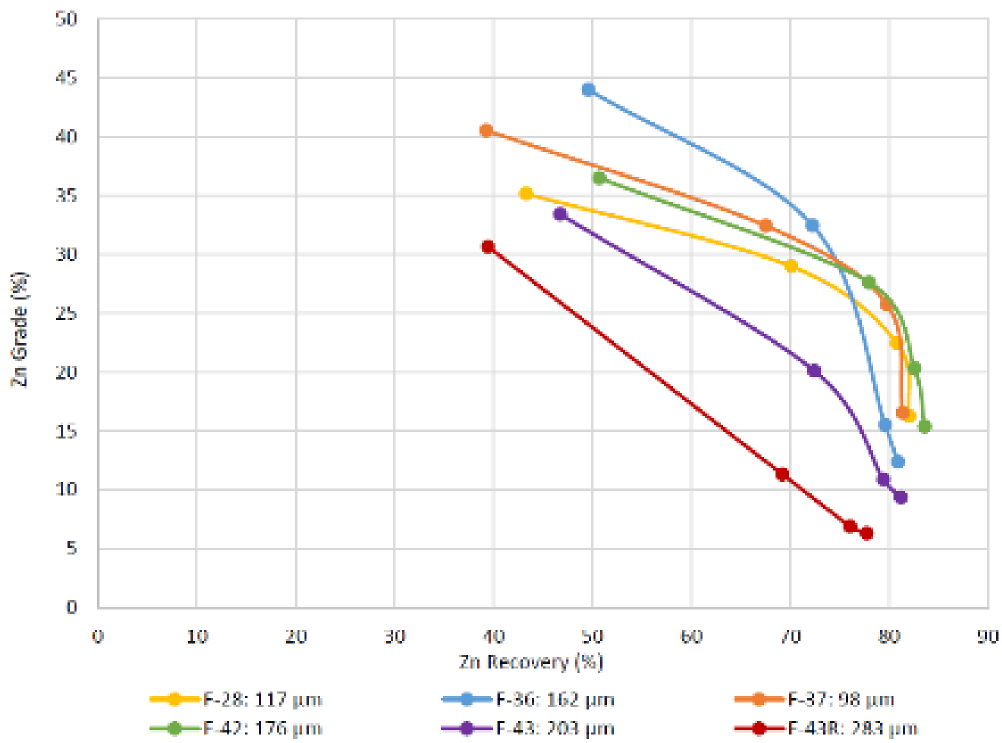


Figure 13.13 SEDS master composite grind vs recovery sensitivity (Zn grade versus recovery).

Depressant Dosage Sensitivity

A series of depressant dosage sensitivity tests were conducted on the VOLC master composite using the baseline (30 g/t $ZnSO_4$ and 10 g/t NaCN) dosage, 2x, 4x and 8x dosages to determine the impact of increased dosages. Lower dosages were not tested as the original baseline levels used at ALS/METCON were considered to be at the low end of industry practice. All other variables were held constant with the exception of test F-58 where X5000 collector was used in place of 3418A. X5000 is a direct replacement for 3418A from a different supplier and has the same reagent chemistry.

The most favourable results were achieved using the 4x depressant dosage (120 g/t $ZnSO_4$ and 40 g/t NaCN) where 91% lead recovery and 13% zinc misplacement to the lead rougher concentrate was achieved, compared to the baseline result of 92% lead recovery and 25% zinc misplacement. The data also suggests that X5000 gave slightly better selectivity and lead recovery versus 3418A but as these reagents are chemically very similar this may just be attributed to intra test variability. The decision was made to proceed with X5000 as the primary lead/silver collector due to its lower price compared to 3418A.

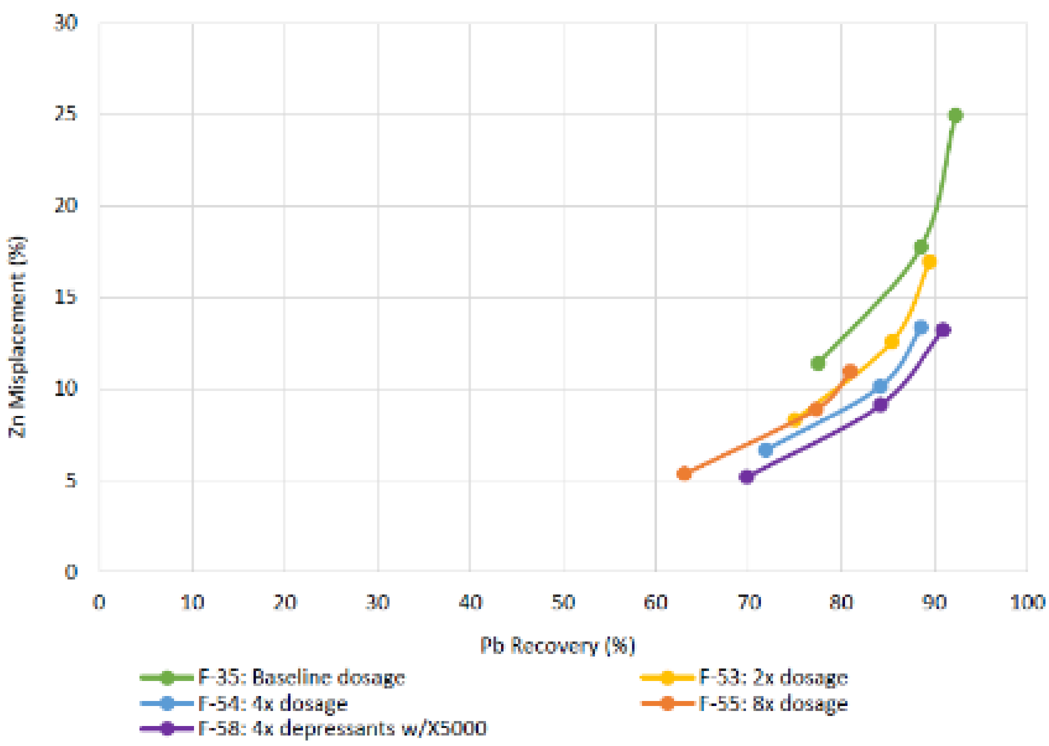


Figure 13.14 VOLC master composite depressant sensitivity (lead-zinc selectivity curves).

The same screening approach was not applied to the other composites however through optimization of the SEDS master composite, Breccia-Sedimentary and Breccia-Volcanics composite the same depressant dosage in the primary grind (120 g/t $ZnSO_4$ and 40 g/t NaCN) was selected as the optimum. It should also be noted that the increased depressant dosages in the primary grind and lead circuit had a positive impact on the zinc circuit whereby higher zinc rougher concentrate grades and recoveries were achieved at the higher dosages. This may appear counterintuitive but increasing the NaCN dosage likely had a depressing effect on the pyrite, which in turn enabled a more favourable flotation environment for zinc in the zinc circuit, allowing the zinc circuit to be operated at more moderate pH levels.

Cleaner Circuit Optimization

Cleaner circuit optimization was conducted on each of the four master composites and resulted in an optimized cleaner flowsheet for each circuit that was very similar for all composites both in terms of configuration and reagent dosages. A total of 14 cleaner tests were conducted across the four main composites. The basic flowsheet configuration was considered to be conventional with sequential lead and zinc roughing with a carbon prefloat after the primary grind where required, regrinding of each rougher concentrate and three stages of cleaning for each circuit. All tests were completed in open circuit with no advancement of the lead cleaner 1 tail to the zinc circuit.

For the lead circuit the following cleaner circuit conditions were employed:

- Regrind of the lead rougher concentrate to a P_{80} of 20-30µm
- 30-60 g/t $ZnSO_4$ and 10-20 g/t NaCN in the regrind
- 2-6 g/t X5000 collector
- 3 stages of cleaning at pH 9.0 (maintained with soda ash)

For the zinc circuit the following cleaner circuit conditions were employed:

- Regrind the zinc rougher concentrate to 20-30µm with 125 g/t lime in the regrind mill
- 2 g/t 5100 collector
- 3 stages of cleaning at pH 11.5 (maintained with lime)

The lead and zinc grade recovery curves for the optimum cleaner tests for each composite are shown below:

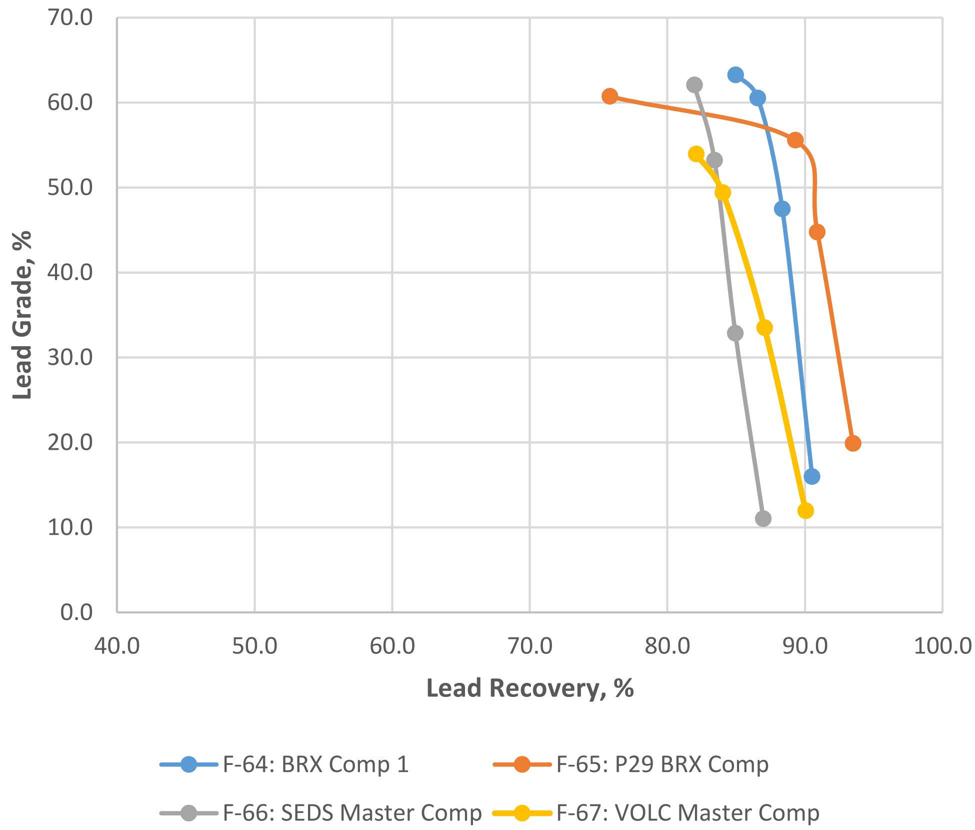


Figure 13.15 Cleaner circuit optimization lead grade versus recovery curves.

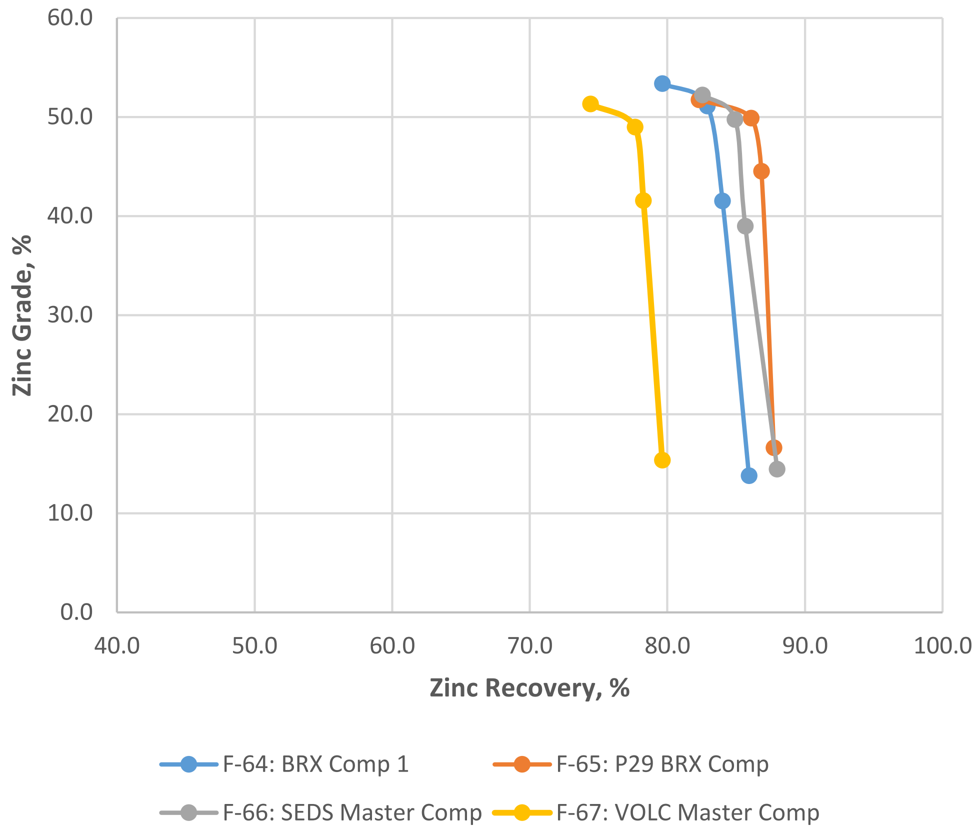


Figure 13.16 Cleaner circuit optimization zinc grade versus recovery curves.

At a nominal lead concentrate grade of 50% Pb, the lead recovery to lead-silver concentrate ranged from ~83% to 91% with very low zinc misplacement of ~3-6%. Silver recoveries ranged from ~65-79% at high concentrate grades (>3000 g/t Ag).

At nominal zinc concentrate grades of 50% Zn, the zinc recovery to zinc concentrate ranged from ~78-86%. Additional silver recovery to the zinc concentrate ranged from 8-11% at grades ranging from 170-370 g/t Ag.

Locked Cycle Tests

Each of the four main composites was subjected to a locked cycle test using the optimized batch rougher and cleaner test conditions and flowsheet configurations. The flowsheets were identical with the exception of the requirement for a carbon prefloat ahead of the lead circuit, which was required for the SEDS Master Composite and BRX Composite 1, but not for the VOLC Master Composite and Breccia-Volcanics Composite. The flowsheet configurations are summarised below:

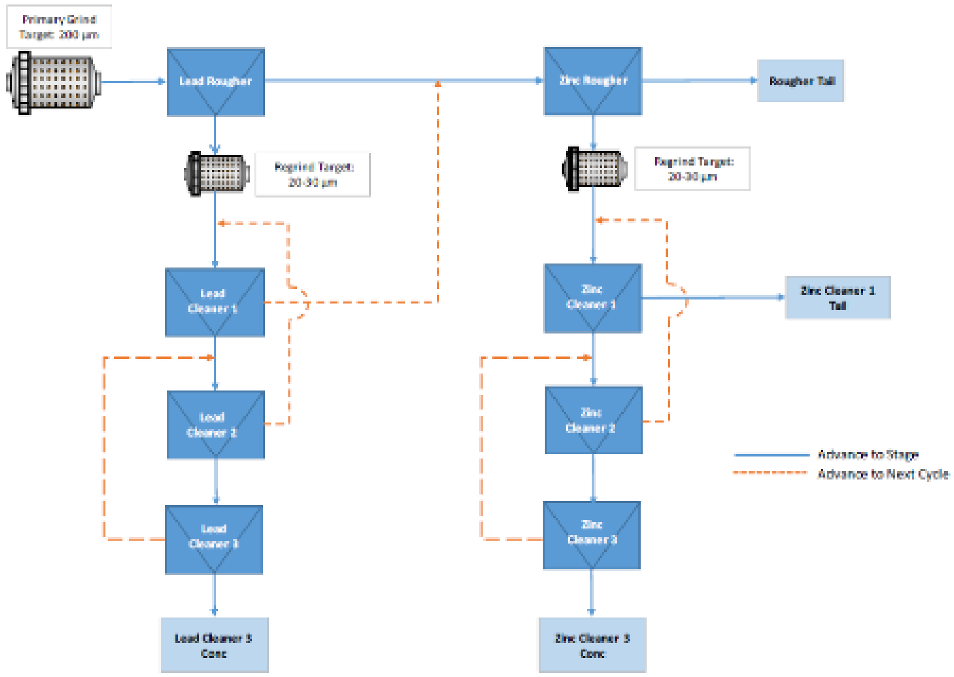


Figure 13.17 VOLC master composite and Breccia-Volcanics LCT flowsheet (no carbon prefloat).

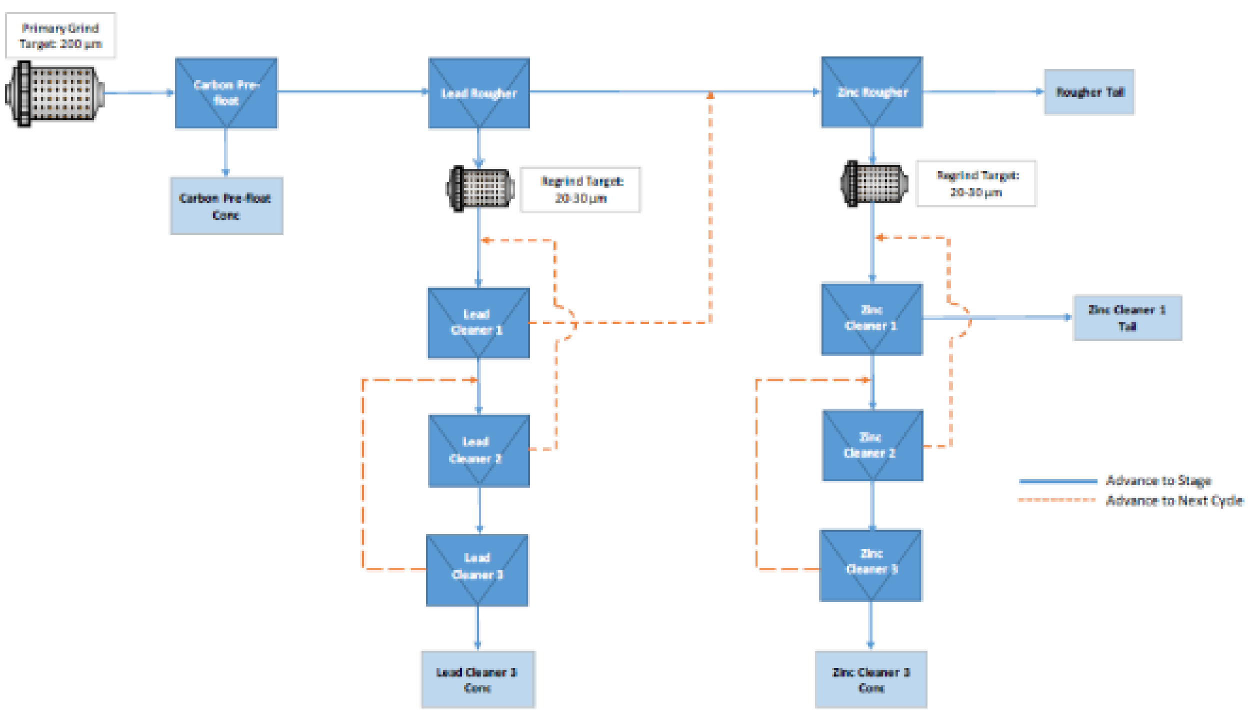


Figure 13.18 SEDS master composite and BRX Comp 1 LCT flowsheet (with carbon prefloat).

Each test was conducted over 6 cycles with the intermediate streams being advanced to the subsequent cycles per the flowsheet configurations shown above. All tests were considered to be stable, passing the laboratory QA/QC protocols and confirming steady state was achieved. The results for each locked cycle test are summarised and discussed below.

Table 13.10 VOLC master composite locked cycle test results (LCT-3).

	Weight		Grade				%Recovery			
	Mass *(kg)*	Mass *(%)*	Ag *(g/t)*	Au *(g/t)*	Pb *(%)*	Zn *(%)*	Ag	Au	Pb	Zn
Pb Cleaner 3 Conc	43.6	0.7	1.94	3318	50.1	5.77	12.7	70.1	85.2	6.2
Zn Cleaner 3 Con	64.7	1.1	0.65	400	1.3	50.9	6.3	12.5	3.3	81.1
Zn Cleaner 1 Tail	293.4	4.9	1.30	36	0.19	0.57	57.3	5.1	2.1	4.1
Rougher Tail	5612.7	93.3	0.03	5	0.04	0.06	23.7	12.3	9.4	8.6
Calculated Head	6014.3	100	0.11	34	0.43	0.67	100	100	100	100

LCT-3 (VOLC Master Composite) achieved a final lead concentrate grading 50% Pb at 85% lead recovery, 70% of the silver reported to the final lead concentrate with a grade of over 3300 g/t. The final zinc concentrate produced by LCT-3 was 51% with a recovery of 81%.

Table 13.11 SEDS master composite locked cycle test results (LCT-4).

	Weight		Grade				%Recovery			
	Mass *(kg)*	Mass *(%)*	Ag *(g/t)*	Au *(g/t)*	Pb *(%)*	Zn *(%)*	Ag	Au	Pb	Zn
Prefloat Conc	50.3	0.8	0.23	58	0.75	0.44	1.6	1.8	1.5	0.5
Pb Cleaner 3 Conc	39.7	0.7	2.33	2886	54.0	2.90	13.0	70.1	82.9	2.6
Zn Cleaner 3 Con	75.6	1.3	0.43	213	0.80	51.4	4.6	9.8	2.3	88.7
Zn Cleaner 1 Tail	284.4	4.7	0.71	21	0.19	0.48	28.2	3.7	2.1	3.1
Rougher Tail	5565.7	92.5	0.07	4	0.05	0.04	52.6	14.6	11.2	5.0
Calculated Head	6015.8	100	0.12	27	0.43	0.67	100	100	100	100

LCT-4 (SEDS Master Composite) achieved a final lead concentrate grading 54% Pb at 83% lead recovery, 70% of the silver reported to the final lead concentrate with a grade of over 2800 g/t.

The final zinc concentrate produced by LCT-4 was 51% with a recovery of 89%. Metal losses to the carbon prefloat concentrate were minimal at less than 2%.

Table 13.12 Breccia-Volcanics composite locked cycle test results (LCT-1).

	Weight		Grade				%Recovery			
	Mass *(kg)*	Mass *(%)*	Ag *(g/t)*	Au *(g/t)*	Pb *(%)*	Zn *(%)*	Ag	Au	Pb	Zn
Pb Cleaner 3 Conc	57.0	0.9	3.14	2923	53.0	3.95	12.8	78.6	91.1	4.5
Zn Cleaner 3 Con	97.1	1.6	0.97	237	1.07	46.3	6.7	10.8	3.1	89.6
Zn Cleaner 1 Tail	453.3	7.5	1.91	18	0.15	0.18	61.7	3.8	2.1	1.6
Rougher Tail	5434.4	89.9	0.05	3	0.02	0.04	18.8	6.8	3.7	4.2
Calculated Head	6014.8	100	0.23	35	0.55	0.83	100	100	100	100

LCT-1 (Breccia-Volcanics Composite) achieved a final lead concentrate grading 53% Pb at 91% lead recovery, 79% of the silver reported to the final lead concentrate with a grade of 2900 g/t. The final zinc concentrate produced by LCT-1 was 46% Zn at a zinc recovery of 90%.

Table 13.13 Breccia-Sedimentary locked cycle test results (LCT-2).

	Weight		Grade				%Recovery			
	Mass *(kg)*	Mass *(%)*	Ag *(g/t)*	Au *(g/t)*	Pb *(%)*	Zn *(%)*	Ag	Au	Pb	Zn
Prefloat Conc	13.3	0.22	0.87	239	2.38	0.44	0.9	1.4	1.2	0.2
Pb Cleaner 3 Conc	43.9	0.73	3.38	3774	55.7	2.92	11.7	74.8	89.2	3.9
Zn Cleaner 3 Con	52.0	0.87	0.95	397	1.10	54.6	3.9	9.3	2.1	85.8
Zn Cleaner 1 Tail	178.5	2.98	1.91	30	0.20	1.01	26.9	2.4	1.3	5.5
Rougher Tail	5710.6	95.2	0.13	5	0.03	0.03	56.6	12.0	6.3	4.7
Calculated Head	5998.3	100	0.21	37	0.46	0.55	100	100	100	100

LCT-2 (BRX Composite 1) achieved a final lead concentrate grading 56% Pb at 89% lead recovery, 75% of the silver reported to the final lead concentrate with a grade of over 3700 g/t Ag. The final zinc concentrate produced by LCT-2 graded 55% Zn at a zinc recovery of 86%. Metal losses to the prefloat concentrate were minor and less than 1.5%.

Concentrate Quality

The final lead-silver and zinc concentrates from the locked cycle tests were submitted for concentrate quality analysis to determine the quantities of any potentially deleterious elements. The results for each of the four main composites are summarised below.

Table 13.14 VOLC master composite LCT-3 concentrate quality.

Product ID	Hg *(g/t)*	Cl *(%)*	F *(%)*	As *(%)*	Cd *(g/t)*	Mn *(g/t)*	Sb *(g/t)*	Se *(g/t)*	Si *(%)*
LCT-3 Pb Cleaner 3 Conc	18	<0.01	<0.01	0.55	933	1127	5636	160	1.90
LCT-3 Zn Cleaner 3 Conc	16	0.02	<0.01	0.46	4915	9120	733	21	0.80

Table 13.15 SEDS master composite LCT-4 concentrate quality.

Product ID	Hg *(g/t)*	Cl *(%)*	F *(%)*	As *(%)*	Cd *(g/t)*	Mn *(g/t)*	Sb *(g/t)*	Se *(g/t)*	Si *(%)*
LCT-3 Pb Cleaner 3 Conc	18	<0.01	<0.01	0.55	933	1127	5636	160	1.90
LCT-3 Zn Cleaner 3 Conc	16	0.02	<0.01	0.46	4915	9120	733	21	0.80

Table 13.16 Breccia-Volcanic LCT-1 concentrate quality.

Product ID	Hg *(g/t)*	Cl *(%)*	F *(%)*	As *(%)*	Cd *(g/t)*	Mn *(g/t)*	Sb *(g/t)*	Se *(g/t)*	Si *(%)*
LCT-1 Pb Cleaner 3 Conc	7	<0.01	<0.01	0.47	468	970	4079	230	1.60
LCT-1 Zn Cleaner 3 Conc	8	0.02	<0.01	0.26	3975	8251	337	20	1.99

Table 13.17 BRX composite 1 LCT-2 concentrate quality.

Product ID	Hg *(g/t)*	Cl *(%)*	F *(%)*	As *(%)*	Cd *(g/t)*	Mn *(g/t)*	Sb *(g/t)*	Se *(g/t)*	Si *(%)*
LCT-2 Pb Cleaner 3 Conc	13	<0.01	0.01	0.38	487	709	4613	439	3.67
LCT-2 Zn Cleaner 3 Conc	23	0.05	<0.01	0.11	5290	9826	1315	27	1.00

Overall, the level of deleterious elements for both the lead-silver and zinc concentrates was low and only minor penalties would be expected for certain elements such as cadmium and manganese in the zinc concentrates and arsenic in the lead-silver concentrates.

Low Grade Samples Flotation Testwork

Four additional low grade samples were subjected to the optimized flowsheet conditions to determine the metallurgical response of this material without preconcentration or mill feed sorting prior to flotation. Low grade SED, VOLC, BRX-VOLC and BRX-SED composites were assessed via bath rougher and cleaner flotation testwork and the head grades of these composites are shown below:

Table 13.18 Low grade/stockpile composite head grades.

Composite	Ag *(g/t)*	Pb *(%)*	Zn *(%)*	Fe *(%)*
Low Grade VOLC	12	0.15	0.40	2.22
Low Grade SED	17	0.16	0.28	3.52
Low Grade BRX-VOLC	12	0.14	0.34	3.5
Low Grade BRX-SED	21	0.27	0.28	4.27

A total of 19 batch rougher and cleaner tests were undertaken across the four composites, culminating in an optimized cleaner test for each composite using the same basic flowsheet as the lithology/pit composites. Carbon preflotation was required for the Low Grade SED and Low Grade BRX-SED composites but not for the Low Grade VOLC and Low Grade BRX-VOLC composites. The results for the optimized cleaner tests are summarised below.

Table 13.19 Optimized cleaner test results.

Test/Product	Mass *(%)*	Grade			Distribution *(%)*		
		Ag *(g/t)*	Pb *(%)*	Zn *(%)*	Ag	Pb	Zn
F-78 LG VOLC Final Pb Conc	0.2	2143	38.0	6.38	44	56	4
F-78 LG VOLC Final Zn Conc	0.6	226	0.91	47.6	14	4	77
F-87 LG SED Final Pb Conc	0.2	3819	57.0	1.73	55	79	1
F-87 LG SED Final Zn Conc	0.4	193	0.58	49.1	5	1	69
F-80 LG BRX-VOLC Pb Conc	0.2	2856	47.1	4.1	58	74	3
F-80 LG-BRX VOLC Zn Conc	0.5	170	0.41	52.1	8	2	78
F-79 LG BRX-SED Pb Con	0.4	3734	59.0	2.0	73	82	3
F-79 LG BRX-SED Zn Conc	0.4	305	0.7	52.5	6	1	75

Despite the low head grades, all low grade composites performed reasonably well with lead-silver concentrates grading 2143-3819 g/t Ag, 38-59% Pb and 1.7-6.4% Zn being produced at silver recoveries ranging from 44% to 73% and lead recoveries ranging from 56% to 82%. Zinc concentrate grades ranged from 48-53% Zn and 170-305 g/t Ag at zinc recoveries ranging from 69% to 78%. It is anticipated that further recovery gains would be obtained by undertaking locked cycle tests on these composites.

<u>Cyanidation of oxide/transition material, Blue Coast Research 2021</u>

The three oxide pit/lithology composites were subjected to bottle roll cyanidation testwork at Blue Coast to determine their amenability to leaching after a coarse crush (heap leach) and fine grind (tank leaching) and the following bottle roll test feed sizes were employed: 100% minus 12.5 mm, 100% minus 3.35 mm, P_{80} = ~300 µm and P_{80} = ~100 µm. Other variables were fixed (40% solids feed density, NaCN dosage of 1 g/L, pH 10.5-11.0) while the coarse crush tests had total residence times of 96 hours, the ground bottle roll tests had residence times of 48 hours. Particle size versus silver recovery relationship for the three composites is shown below:

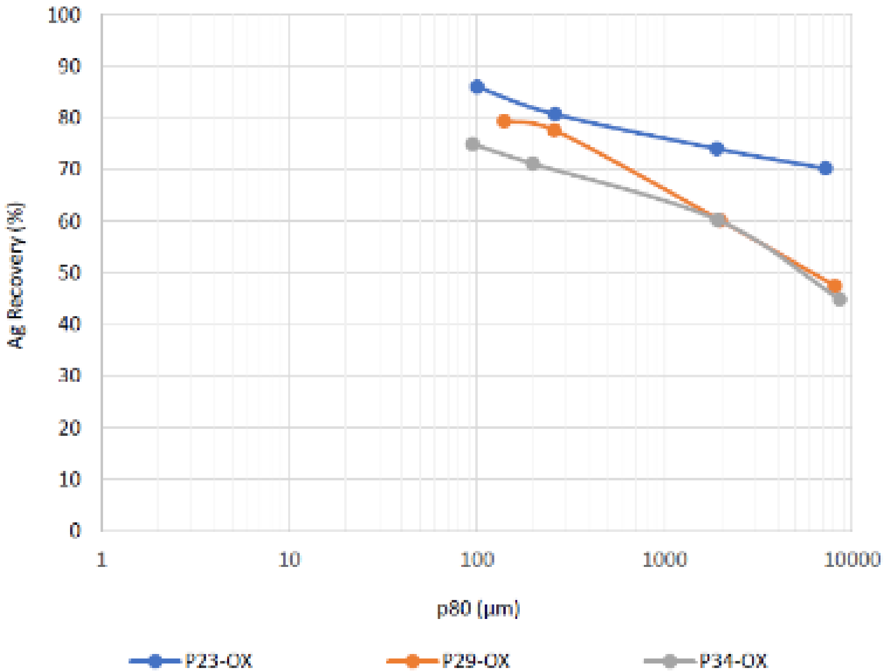


Figure 13.19 Lithology/pit composites leach response at various crush/grind sizes.

The highest recoveries were achieved at the finest grind (P_{80} = ~100 µm) where 75-86% of the silver was recovered to PLS. Even though the -12.5 mm material showed the lowest silver recoveries (average of 54%), the kinetics showed continued extraction after the 96 hours (shown in Figure 69), this indicates that the material has potential of increased silver recoveries at longer retention times and may lend itself to heap leaching.

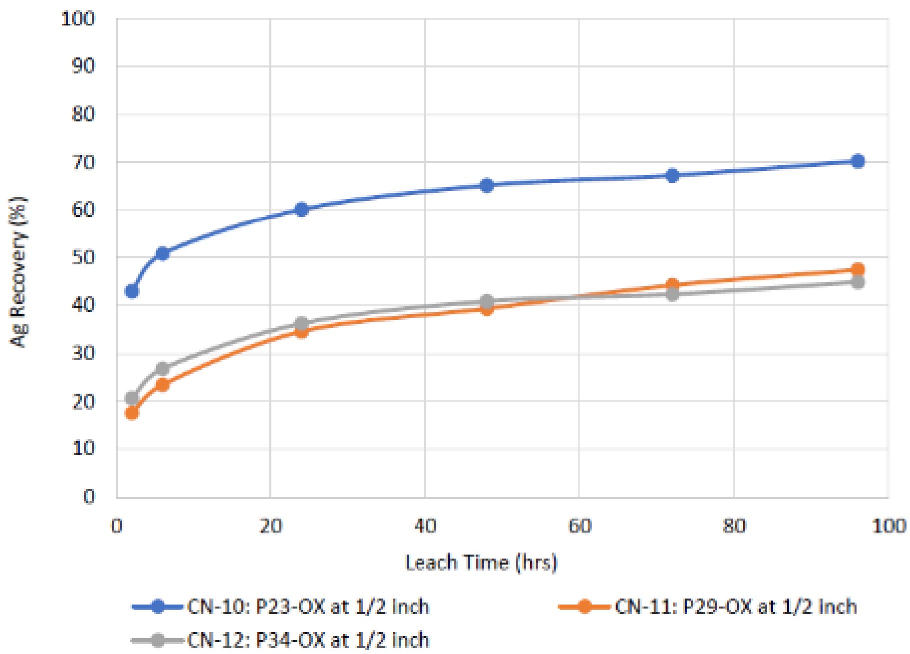


Figure 13.20 Lithology/pit composite 12.5 mm bottle-roll test silver kinetics curves.

An additional six transition-oxide samples also underwent 96 hour kinetic bottle roll tests at minus 12.5 mm and minus 6 mm. The transition-oxide material performed similarly to the three oxide samples at -12.5 mm (average 54% silver recovery), while the -6 mm tests averaged higher silver recoveries (63%). Upon completion of this testwork it was decided to conduct larger scale column heap leach testwork at McClelland Labs in Reno, NV.

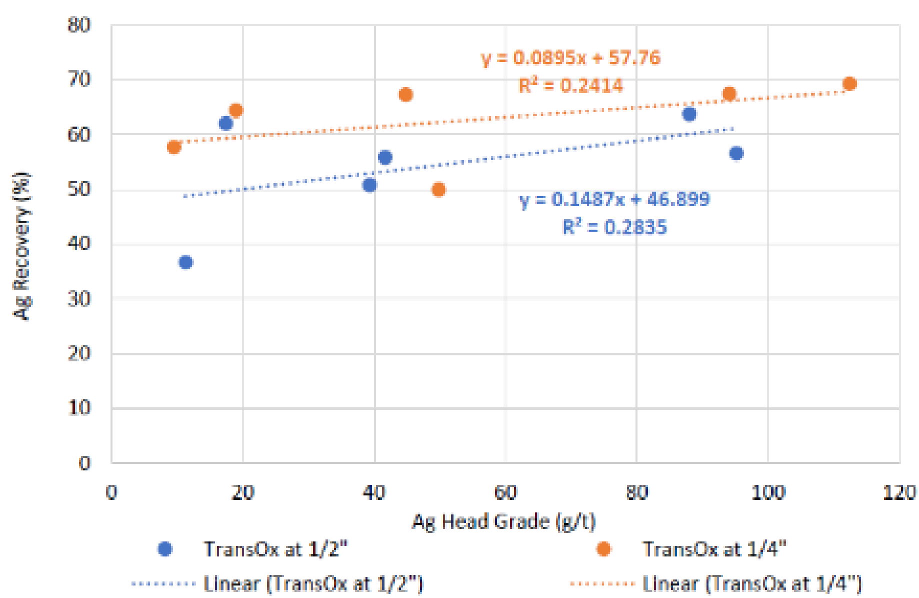


Figure 13.21 Additional transition/oxide composite 96hr 12.5 mm leach test results.

Column Heap Leach Testwork, McClelland Laboratories 2021

At the time of writing this report, a program of work was underway at McClelland Labs in Reno, NV on a single composite of oxide material grading ~60g/t Ag. The scope of this work included the following:

- Coarse bottle roll testing at 6 mm and 12.5 mm to confirm the Blue Coast bottle roll test results
- Agglomeration and load permeability testwork
- Column leach tests at 6 mm and 12.5 mm to confirm heap leach amenability of the Cordero oxide material.

The final results from this program are not yet available, but at the time of writing the latest cumulative leach results from column test solution assays suggest that silver recoveries of ~60% at the 6 mm crush size and ~50% at the 12.5 mm crush size are achievable.

Conclusions and Discussion

Since 2011, progressively more detailed metallurgical testwork has been conducted on samples from the Cordero project culminating in a thorough PEA metallurgical testwork program by Discovery in 2021. Testwork has shown that both the sulphides and oxide/transition zones of mineralisation can be successfully processed to produce high value lead-silver and zinc flotation concentrates (for the sulphides) and silver doré from oxide/transition material. Although silver recoveries for the oxide/transition material are higher via grinding and tank leach, it is likely that heap leaching will be the more favourable option due to lower capital and operating costs and the ability to essentially decouple sulphide and oxide mill feed production so that the processing of the different mill feed types can be done in parallel without constructing two full processing plants.

The key conclusions of the testwork conducted to date include:

- Conventional, sequential lead-zinc flotation has repeatedly been shown to be a successful and robust choice for processing of Cordero sulphide ores. Relatively low head grade material is able to be upgraded considerably at relatively coarse primary grinds (P_{80} = ~200 µm) with relatively moderate reagent dosages.
- The choice of coarse primary grind with regrinding of the lead and zinc rougher concentrates is favourable due to the relatively hard characteristics of the mill feed (Bond Ball Work Index 18-20kWh/t).
- The flowsheet selection is supported by the mineralogy. QEMSCAN analysis of 12 lithology composites indicate that the sulphide mineralogy is relatively coarse and liberates well, with little in the way of galena-sphalerite association or locking. The gangue mineralisation is relatively straightforward and benign, all of which are contributing factors to the excellent metallurgical results obtained to date.
- At head grades close to the resource average (25-40 g/t Ag, 0.4-0.6% Pb and 0.5-0.8% Zn) the optimized flotation flowsheet developed for Cordero produces remarkably clean lead and zinc flotation concentrates at high recoveries given the relatively low head grades. Locked cycle testing produced lead-silver concentrates grading >3,000 g/t Ag, 50-56% Pb and <5%

Zn at silver and lead recoveries of 70-79% and 83-91% respectively. Zinc concentrates graded 46-55% Zn at zinc recoveries ranging from 81-90%.

- Total silver recovery (lead and zinc concentrates combined) from locked cycle testing was 89%, 84%, 83% and 80% for the Breccia-Volcanic, Breccia-Sedimentary, Volcanic, and Sedimentary lithologies respectively.
- The same flowsheet was applicable for all lithologies but a carbon prefloat was required for the Sedimentary and Breccia-Sedimentary mill feed types.
- The low grade sulphide lithology composites responded well to the optimized flowsheet indicating that saleable concentrates at economic recoveries can be produced from this material. Preconcentration via DMS or mill feed sorting could further enhance the metallurgical performance of this material and limited amenability testwork conducted during the PEA suggests that preconcentration may be an option for Cordero sulphide material.
- Initial concentrate quality analysis has shown the lead-silver and zinc concentrates to be quite clean from a deleterious element perspective and only minor penalties, relative to the value of the concentrates are expected.
- Cyanidation bottle roll testing and column leach testing indicates that the oxide/transition material respond well to leaching at both fine (milled) sizes and coarse (crush) sizes. Preliminary results from a series of column leach tests at 6 mm and 12.5 mm suggests that silver recoveries of up to 60% may be obtained via heap leaching.

Recommendations

Although the 2021 metallurgical testwork program was quite extensive and thorough, there are some items that will require further testwork at the PFS level. A brief summary of these items, along with some general comments and recommendations are provided below:

- Conduct additional comminution tests to further expansion of the comminution data base is recommended for development of a robust comminution model and grinding circuit design. This will improve future analysis of power requirements and equipment selection.
- Optimization of concentrate regrind sizing is required. Only limited testwork was been conducted to date and specific energy consumption testwork was not included.
- Further investigation between the impact of depressant dosages and silver recovery to the lead-silver concentrate is recommended. Operating at lower depressant dosages would likely lead to higher silver recovery to the lead-silver concentrate where payment terms are more favourable.
- Ore sorting and/or Dense Media Separation testwork should be further undertaken to determine the response of the low grade stockpile material to preconcentration.
- Further expansion of the variability flotation data base is recommended and testwork on higher grade production composites is required to allow for the development of robust head grade vs. Recovery models.
- No dewatering testwork (dynamic thickener tests and concentrate filtration) has been conducted to date and is recommend as part of the studies for the PFS.

- Additional column leach testing is required to provide more robust recovery data for the oxide/transition zones of mineralisation. Samples should include the anticipated average oxide silver and gold grades and samples near the cutoff grade and the maximum annual grades. Testing should further address the impact of crush size on recovery.
- The use of 4 kg testwork charges for flotation testwork should be considered as standard going forward, especially for the low head grade samples.

14. MINERAL RESOURCE ESTIMATE

The previous Cordero mineral resource estimate (MRE) was completed in February 2018 for Levon by M3 Engineering & Technology Corporation (M3) and Independent Mining Consultants, Inc. (IMC), both of Tucson, Arizona. The current mineral resource estimate was calculated for Discovery by Rockridge, with continuous assistance and review from this report's QP for mineral resources, R. Mohan Srivastava of RedDot3D Inc.

The current resource estimate is based on a drill dataset consisting of 224,000 m of drilling (517 drill holes); of which 92,000 m of drilling (225 drill holes) was completed by Discovery. The mineral resource estimate incorporates geological and structural domains based on lithological and structural controls that are better understood through recent drilling.

Ordinary kriging was used to interpolate Ag, Pb, Zn and Au grades into blocks and sub-blocks, using variogram models based on pairwise relative experimental variograms for the analysis of spatial continuity.

Resource classification was based on block-by-block metrics that relate to the proximity of nearby data. An optimized pit shell further constrains the reported mineral resource to fulfil the requirement for "reasonable prospects for eventual economic extraction".

The mineral resource is split into sulphide and oxide portions. Since silver, lead, zinc and gold all contribute to revenue, a net-smelter-return (NSR) is calculated as the net revenue from metal sales (taking in to account metallurgical recoveries and payabilities) minus treatment costs and refining charges. Different NSR cutoffs are used for the sulphide and oxide mineralization since different processing options, with different costs, are appropriate for each type of mineralization.

Sulphide Resource Estimate

Sulphide mineralization is categorized as all mineralization that is located beneath the oxide/transition boundary; it extends to depths of more than 800 m below surface. The $7.25/t NSR reporting cutoff used for sulphide mineralization is based on the estimated processing and G&A cost for standard flotation processing of this material.

Table 14.1 presents the mineral resource estimate for the sulphide material at Cordero.

Table 14.1 Sulphide mineral resources for the Cordero Project, with an effective date of October 20, 2021, above an NSR cutoff of $7.25/t and within a reporting pit shell.

CLASS	TONNAGE *(Mt)*	GRADE Ag *(g/t)*	Au *(g/t)*	Pb *(%)*	Zn *(%)*	AgEq *(g/t)*	CONTAINED METAL Ag *(Moz)*	Au *(Koz)*	Pb *(Mlb)*	Zn *(Mlb)*	AgEq *(Moz)*
Measured	128	22	0.08	0.31	0.52	**52**	89	328	881	1,470	**212**
Indicated	413	19	0.05	0.28	0.51	**47**	255	707	2,543	4,663	**625**
Meas. & Ind.	**541**	**20**	**0.06**	**0.29**	**0.51**	**48**	**344**	**1,035**	**3,424**	**6,132**	**837**
Inferred	**108**	**14**	**0.03**	**0.19**	**0.38**	**34**	**49**	**99**	**451**	**909**	**119**

Notes:

- AgEq for Sulphide Mineral Resources is calculated as Ag + (Au x 16.07) + (Pb x 32.55) + (Zn x 35.10); these factors are based on commodity prices of Ag – $24.00/oz, Au – $1,800/oz, Pb – $1.10/lb, Zn – $1.20/lb and assumed recoveries of Ag – 84%, Au – 18%, Pb – 87% and Zn – 88%.
- The tabulated grades and metal contents are in situ estimates, and do not include factors such as external dilution, mining losses and process recovery losses. As such, these are mineral resources, not mineral reserves, and do not have demonstrated economic and technical viability
- Discovery is not aware of any environmental, permitting, legal, title, taxation, socio-economic, marketing, or political factors that might materially affect the development of these mineral resource estimates.
- The tabulated numbers have been rounded to reflect the level of precision appropriate for the estimates, and may appear to sum incorrectly due to rounding.

Oxide/Transition Resource Estimate

Oxide/transition mineralization lies above the oxide/transition boundary, where the material is weathered (oxide) or partially weathered (transition). The depth of the oxide/transition zone varies across the deposit from approximately 20 m in the Pozo de Plata zone to depths of up to 100 m in certain areas in the South Corridor and in the far north-east of the deposit. The $4.78/t NSR reporting cutoff used for oxide/transition mineralization is based on the estimated processing and G&A cost for heap leaching this material. Since heap leaching will not recover lead and zinc, these are not reported for the oxide/transition mineral resources.

Table 14.2 presents the mineral resource estimate for the oxide/transition material at Cordero.

Table 14.2 Oxide mineral resources for the Cordero Project, with an effective date of October 20, 2021, above an NSR cutoff of $4.78/t and within a reporting pit shell.

CLASS	TONNAGE (Mt)	GRADE Ag (g/t)	GRADE Au (g/t)	GRADE AgEq (g/t)	CONTAINED METAL Ag (Moz)	CONTAINED METAL Au (Koz)	CONTAINED METAL AgEq (Moz)	%OXIDE / %TRANSITION
Measured	23	20	0.06	**25**	15	43	**19**	**92% / 8%**
Indicated	75	19	0.05	**23**	45	125	**56**	**87% / 13%**
Meas. & Ind.	**98**	**19**	**0.05**	**23**	**60**	**168**	**74**	**88% / 12%**
Inferred	**35**	**16**	**0.04**	**20**	**18**	**44**	**22**	**63% / 37%**

Notes:

- AgEq for oxide/transition mineral resources is calculated as Ag + (Au x 87.5); this factor is based on commodity prices of Ag – $24.00/oz and Au – $1,800/oz and assumed heap leach recoveries of Ag – 60% and Au – 70%.
- The tabulated grades and metal contents are in situ estimates, and do not include factors such as external dilution, mining losses and process recovery losses. As such, these are mineral resources, not mineral reserves, and do not have demonstrated economic and technical viability.
- Discovery is not aware of any environmental, permitting, legal, title, taxation, socio-economic, marketing, or political factors that might materially affect the development of these mineral resource estimates.
- The tabulated numbers have been rounded to reflect the level of precision appropriate for the estimates and may appear to sum incorrectly due to rounding.

Data base

The resource data base consists of a total of 224,148 m of sampling in 517 drill holes. Of the total holes in the data base 221,839 m of sampling from 478 holes are included in the resource estimate area. A total of 91,713 m (225 drill holes) were completed by the Company with the remainder drilled historically between 2009 and 2017. Lithology from 195,553 m of drilling was used to support an updated geological model of the deposit.

The data base was supplied by Discovery in the form of an Access data base. Records were checked to ensure each drill hole had assay, survey, and collar information. The data base was audited to generate master data tables in .csv format. For statistical analysis and grade estimation, missing assays were assigned an absent value. Drill hole information in this data base includes older historical data, gathered by operators of the project before the Discovery exploration campaign. Drilling data was provided in the UTM NAD 27, Zone 13 grid coordinate system. Drill spacing is generally just below 50m in the densely drilled portions of the project. A plan view showing the drill hole locations within the resource boundary is presented in (Figure 14.1).

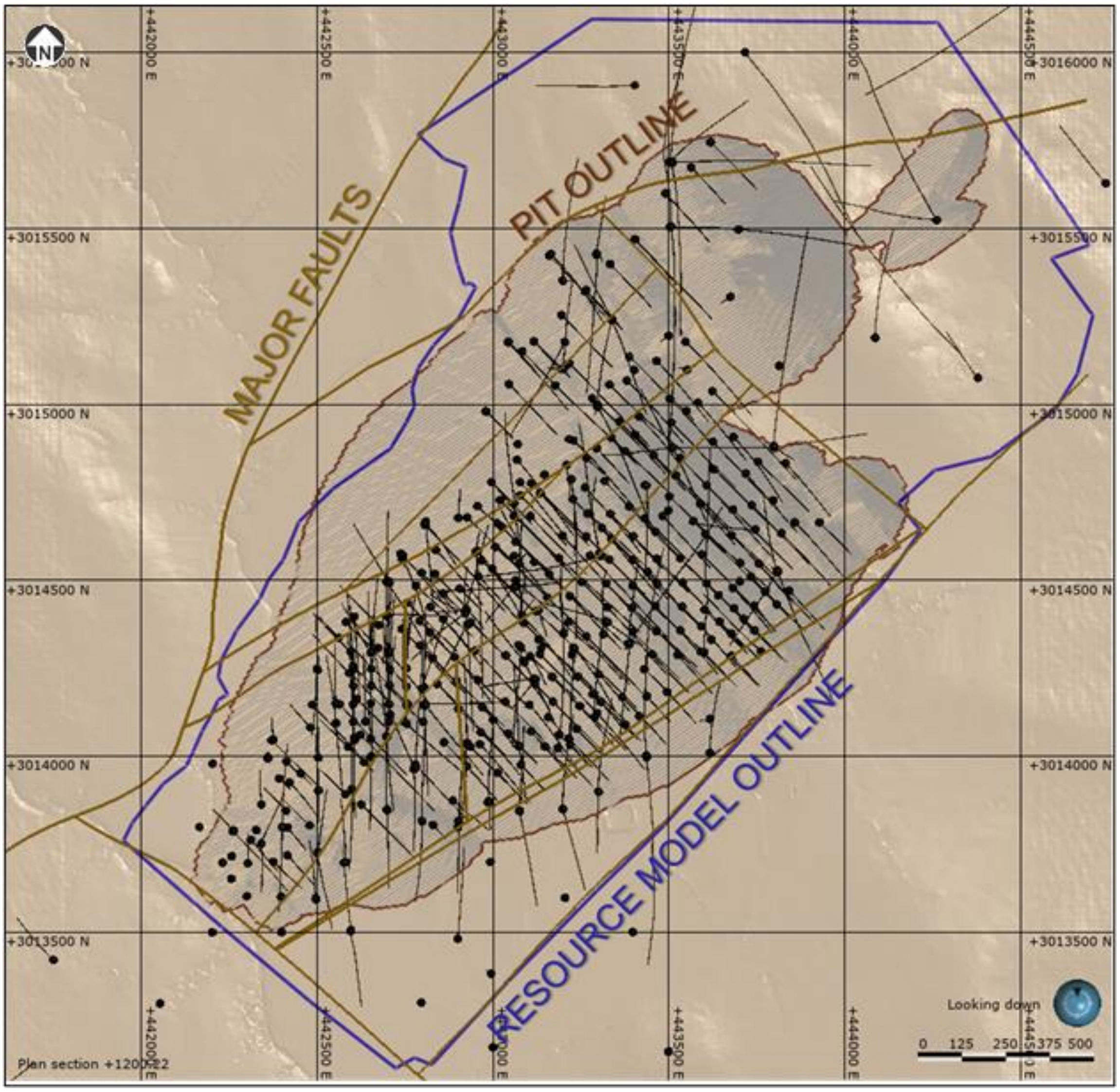


Figure 14.1 Drill hole locations.

Geological Modeling

<u>Structural model</u>

Completely new and very detailed structural domains were modelled using surface maps, geology maps, 3D IP data, locations of surface workings, oriented core readings and logged lithologies in drill holes. Results from structural studies completed by other consultants were also considered. The detailed structural model was inspected to identify the magnitude of displacements and only faults with significant displacements were selected to be the bounding surfaces for fault blocks. This resulted in the creation of thirteen blocks bounded my major structures as shown in (Figure 14.2).

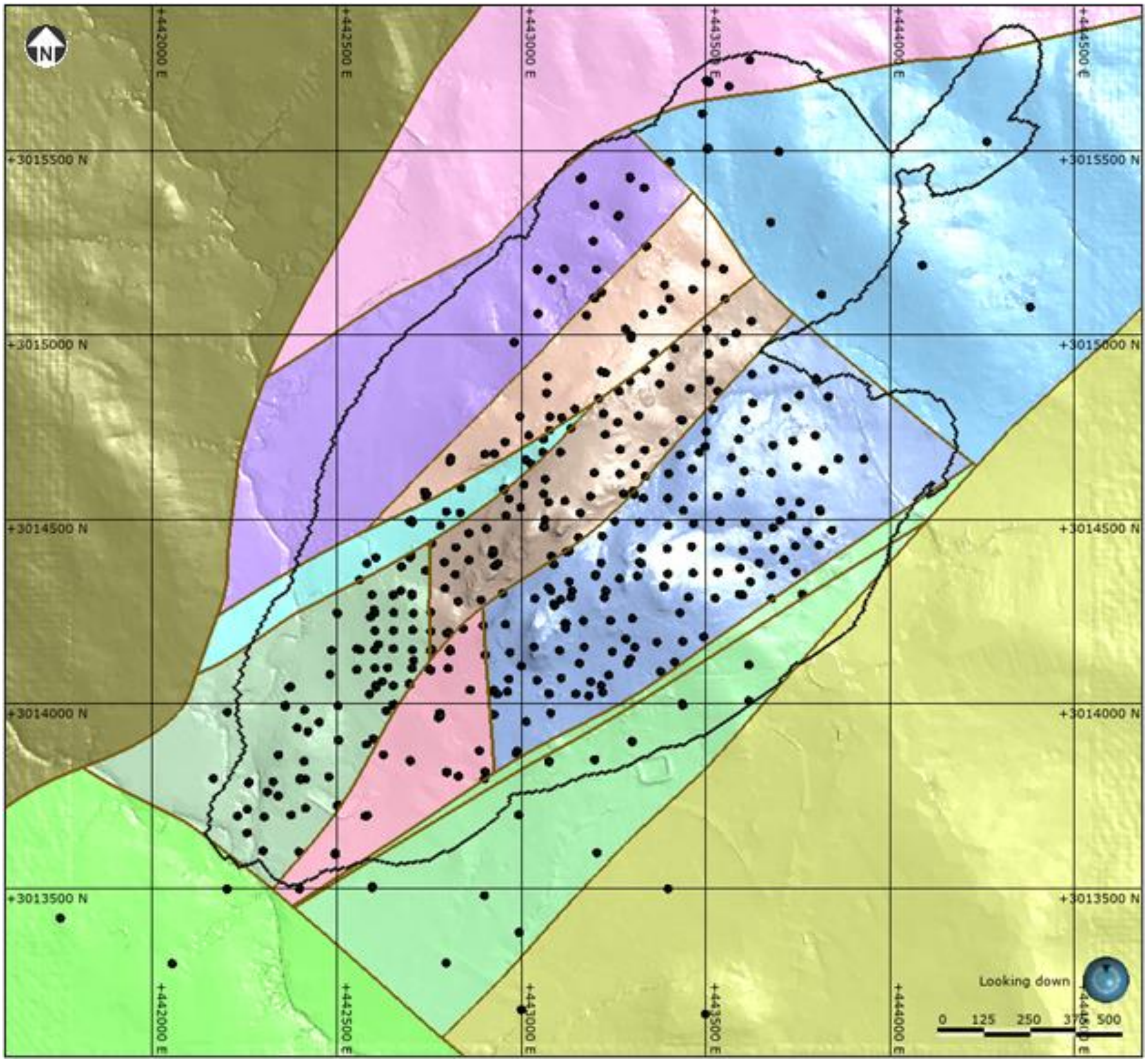


Figure 14.2 Fault blocks in the Cordero Main area where resources were estimated.

Lithology model

Six distinct lithologies were formed by grouping together similar assemblages identified from the drill logging records:

- Calcareous siltstone
- Rhyodacite breccia
- Phreatic breccia
- Rhyodacite volcanics and intrusives
- Hornfels
- Glomerophyric Dike

These units were modelled within the previously created fault blocks. Interpreted geological cross sections and long sections were geo-referenced and used in conjunction with drill holes coded with lithology and modeled in 50m steps. A surface geology map was also used to define contacts on the topography surface. The intrusive method of creating lithological units was used in Leapfrog to model each unit. Manual edits were used to clean up contacts to coincide with contacts on the interpreted sections. An example showing the 3D Leapfrog model overlain on an interpreted section is shown in (Figure 14.3).

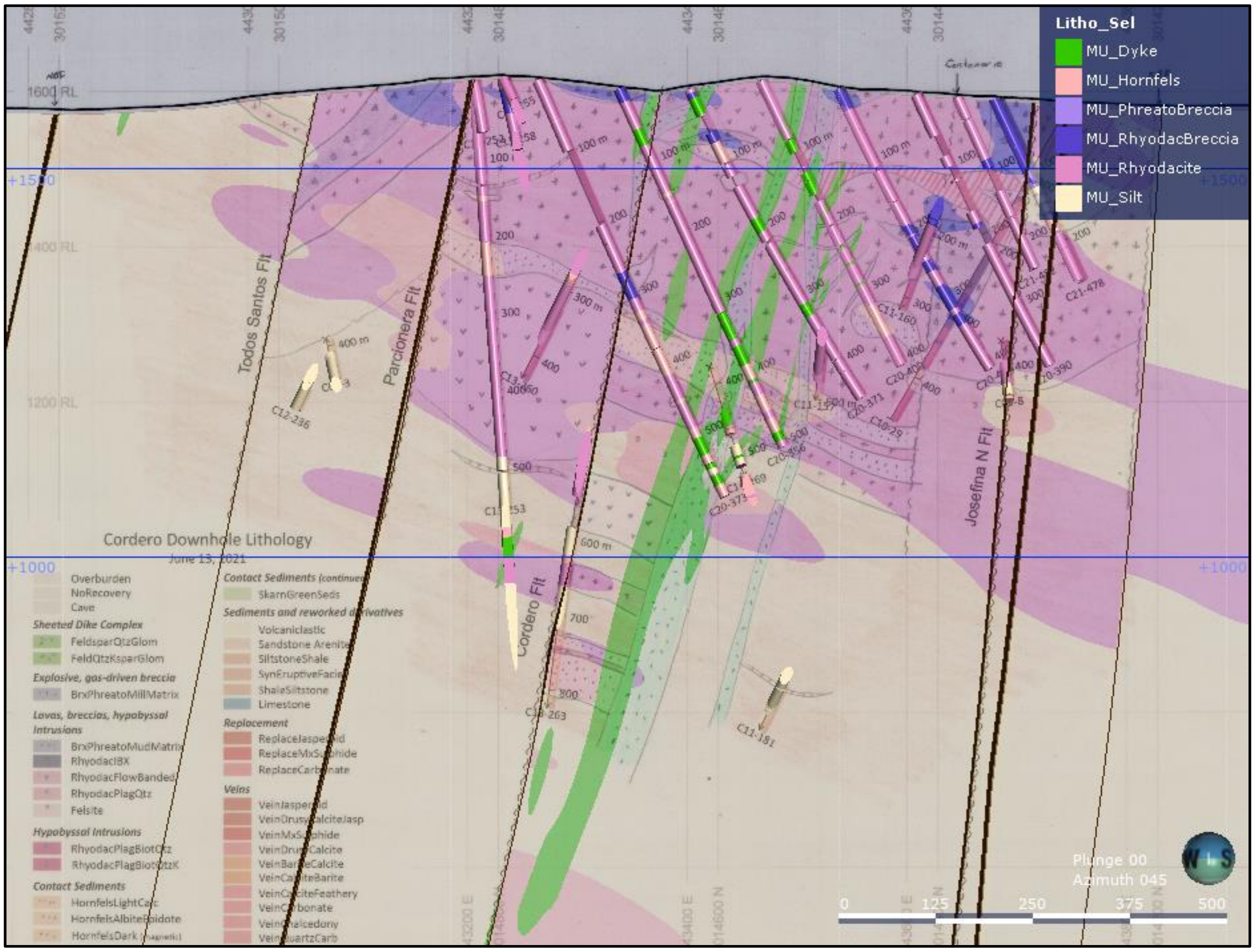


Figure 14.3 Example of a northeast-facing lithology cross-section.

Grade information was inspected across lithological boundaries and seems mostly mildly gradational between breccia and igneous lithologies except for breccia/siltstone contacts and a very sharp grade break at the glomerophyric dike contacts. Structural breaks did however show abrupt changes in grades.

The geological model was truncated against the topography surface. An overburden horizon above the other lithologies was also modeled. The bottom of this horizon was used as a boundary to truncate the tops of lithological units. It must be noted that the overburden is 2 m or less in most cases. The lithology model with overburden stripped away is shown in Figure 14.4.

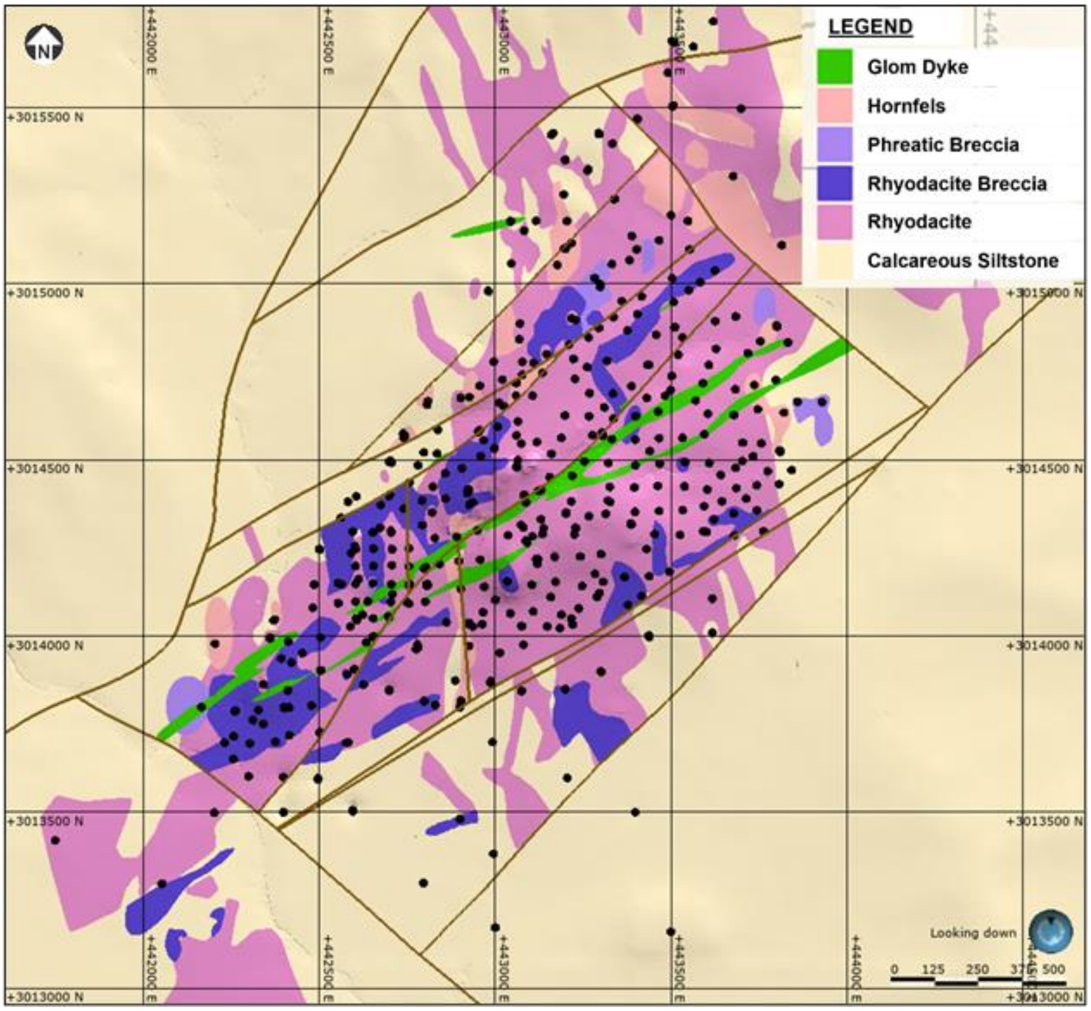


Figure 14.4 Geological model in the Cordero Main area where resources were estimated.

<u>Weathering model</u>

Contacts in drilling logs differentiating the weathered near-surface material from the un-weathered underlying rock as well as a transition zone were used to model surfaces for oxide, transitional and fresh material. These surfaces were modeled and used as hard boundaries for density values as well as coding blocks into each category in the block model. A section of the weathering model is shown in Figure 14.5 below.

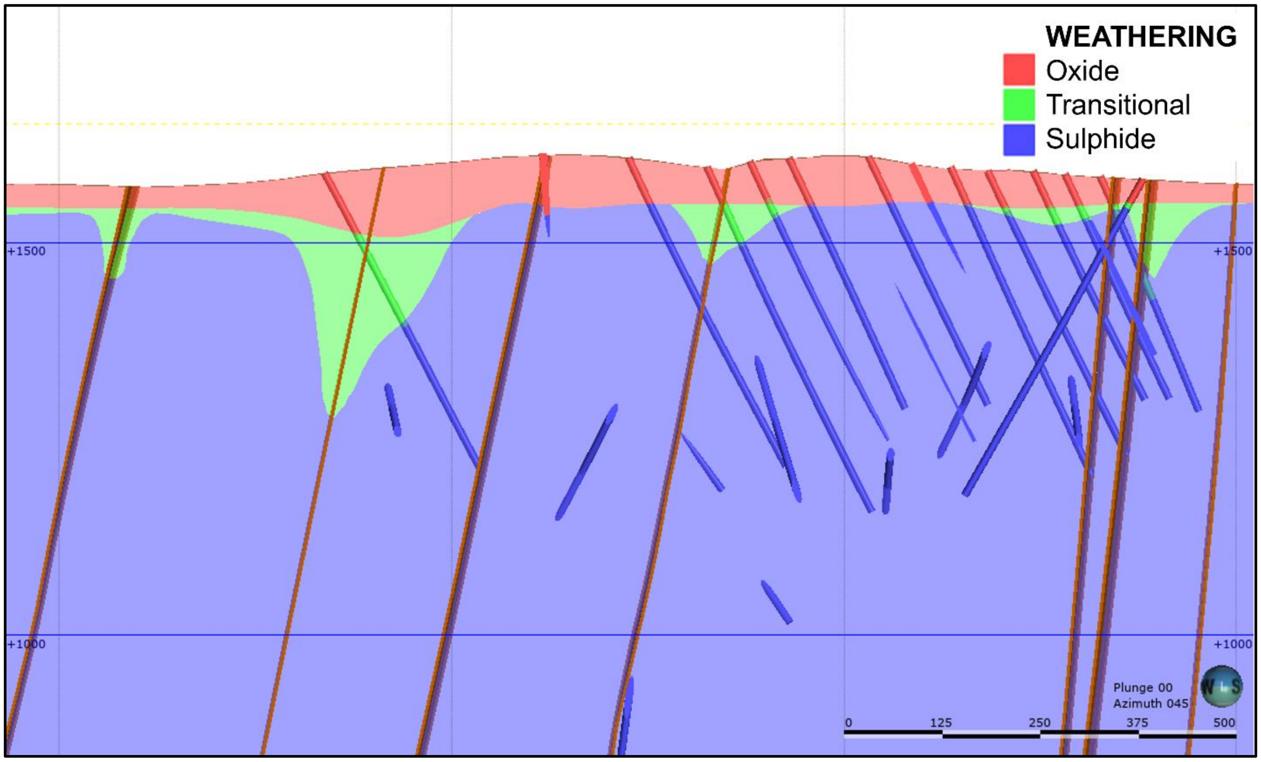


Figure 14.5 Example of northeast-facing cross-section through the weathering model showing modeled weathering volumes, drill holes coded with weathering type and steeply dipping faults.

Estimation Domains

Adjacent fault blocks that were deemed to be hosting the same mineralization were combined and fault blocks showing clear breaks in mineralization were split to create six final estimation domains. Within each of these six domains there are two sub-domains: a high-grade sub-domain and a medium to low-grade stockwork domain. The sub-domains were created by modeling grade interpolants using trends in each of the six main domains by using a 50g/t AgEq cutoff and structural trends based on fault and vein orientations.

An additional sub-domain representing a mostly barren glomerophyric dike was also modeled. Hard boundaries for the block model were then applied to these thirteen estimation domains. A graphic representation of the estimation domains is provided in the plan map in Figure 14.6 below.

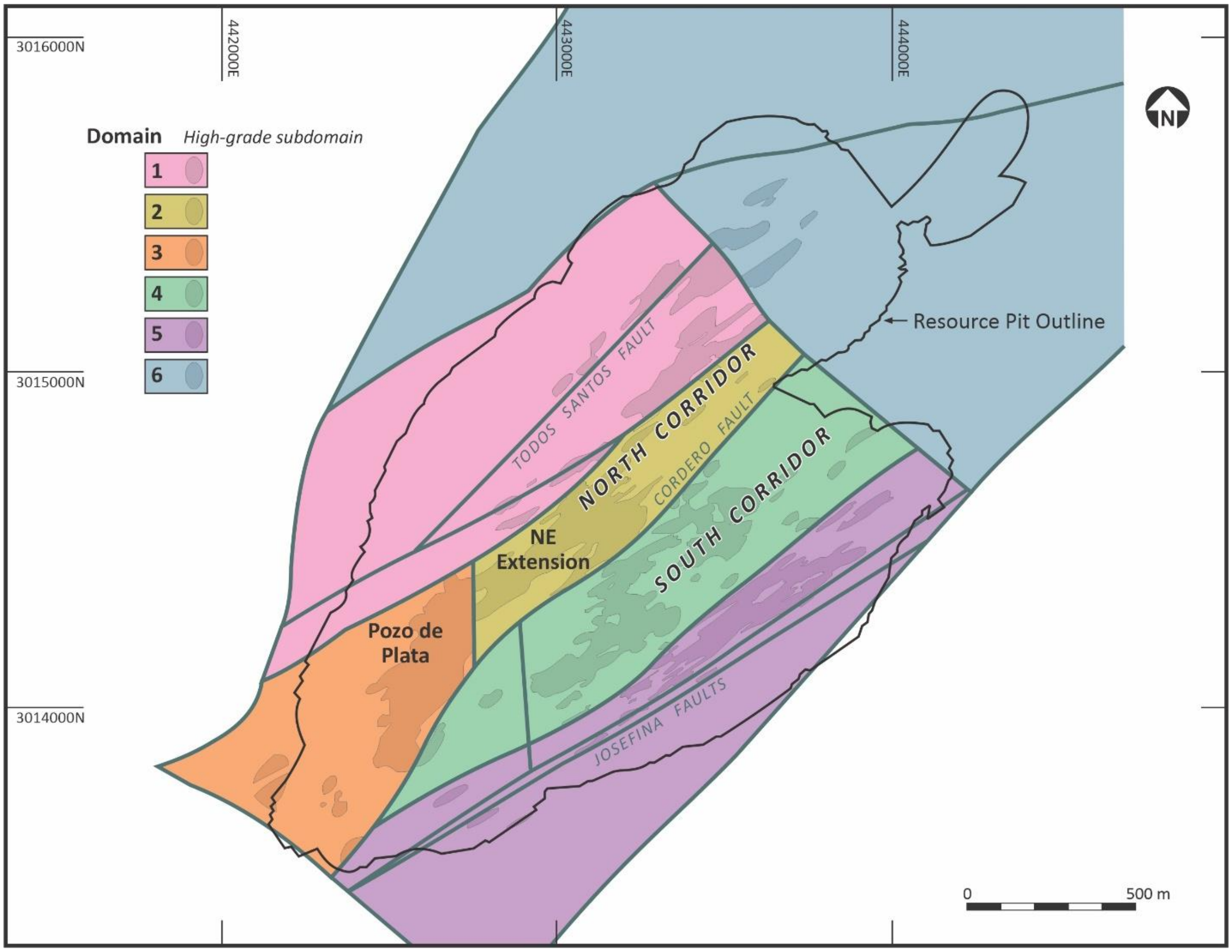


Figure 14.6 Estimation domains in the Cordero Main area where resources were estimated.

Drill Hole Composite Intervals

The data was examined to determine a suitable composite interval. The chosen interval should standardize the assay intervals to give an equal weight to each record, but still reflect the variability in the original data as far as possible. A too large composite interval will over-smooth the data and tend to artificially increase the continuity between samples (the range of the variogram), whereas a too small a composite interval will tend to understate the short-range variability of the data (the nugget).

The Cordero drill core was predominantly sampled at an interval of 2 m or less (Figure 14.7). Assay records were assigned a domain code and then composited to approximate 2 m intervals. The composite interval was varied around an average of the selected 2 m interval while keeping as close as possible to a full 2 m. This was done where required to avoid excessively short interval composites from forming at domain boundaries or at the ends of holes.

For the 2 m composites, all grade distributions are positively skewed and exhibit quite low standard deviation to mean ratios (Coefficient of Variation) in the high-grade sub-domain and only moderately high ratios in the medium to low grade stockwork sub-domains.

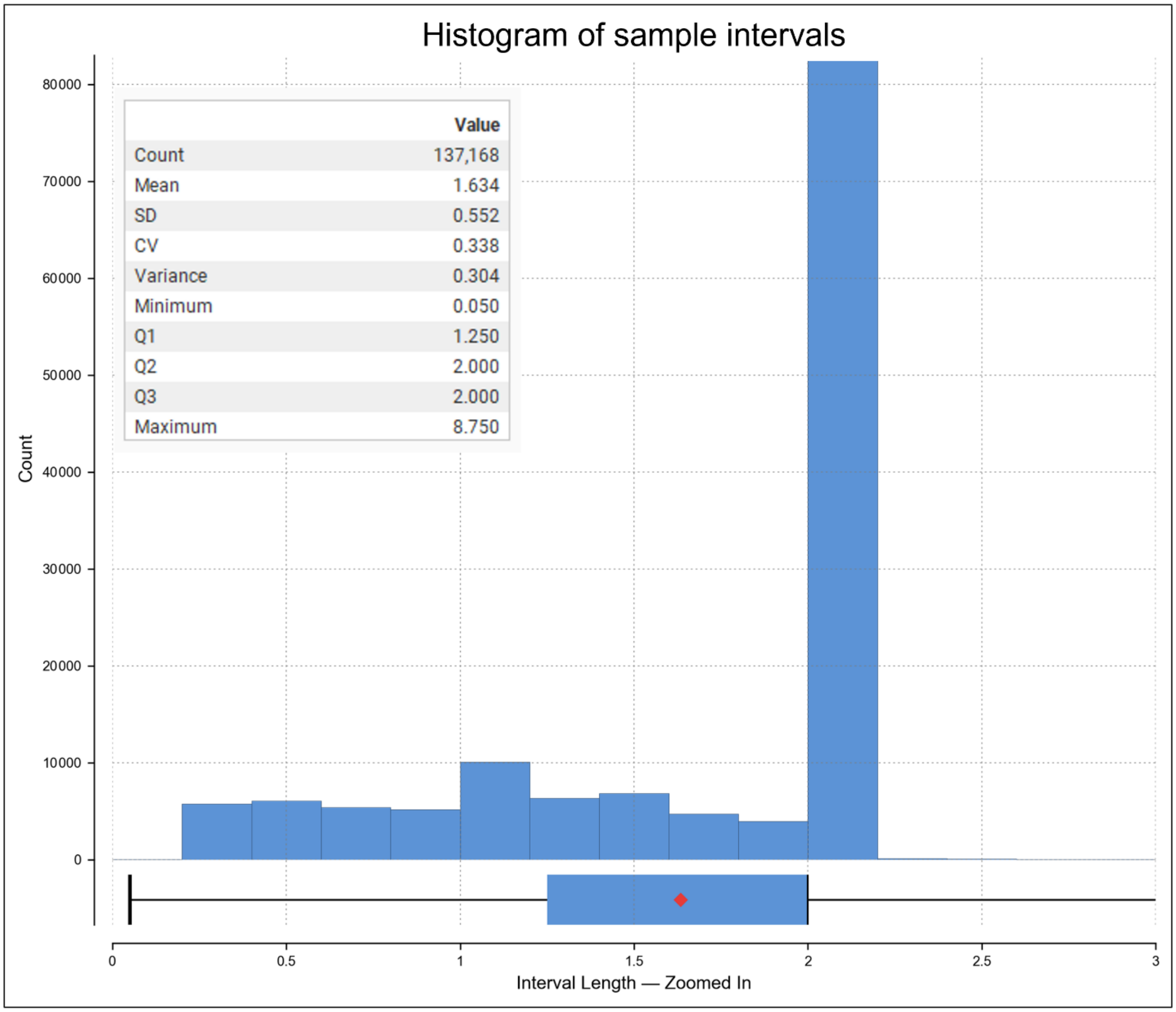


Figure 14.7 Histogram of interval length.

Capping of Grade Outliers

The presence of high-grade outlier values was investigated as these values could adversely influence the estimate. The location of the high-grade outliers was not concentrated in one area, but rather disseminated throughout each domain for all estimation domains and for all elements. Appropriate cutting limits were selected by studying coefficient of variation plots, probability plots and decile analyses plots.

Blocks were estimated with uncapped as well as capped values to assess the impact of the capping levels. The average Ag grade estimates in the various domains were reduced by roughly 1.4%. The capping applied to the composite dataset resulted in a reduction in total silver content of 1.6% and a reduction in total AgEq metal content of 1.8%. Additional statistics summarizing variability and capping for each sub-domain are provided in Table 14.3 and Table 14.4 below.

Table 14.3 Capping statistics for the high-grade sub-domains.

Cordero Capping Stats		No of	Uncapped					Capping Limit		Capped			Difference	
		Comps	Min	Max	Mean	StdDev	CoV	Value	Number	Mean	StdDev	CoV	% Metal	Δ CoV
		#	g/t, %	g/t, %	g/t, %	g/t, %		g/t, %	#	g/t, %	g/t, %		%	%
Domain 1 High-Grade	Ag	1,037	0.5000	822	39.98	62.08	1.55	300	6	38.16	47.18	1.24	-4.6%	-20.4%
	Au	1,037	0.0025	0.77	0.058	0.082	1.41	0.73	1	0.058	0.082	1.41	-0.1%	-0.3%
	Pb	1,037	0.0015	14.30	0.668	0.994	1.49	5.00	6	0.647	0.824	1.27	-3.1%	-14.5%
	Zn	1,037	0.0105	16.63	1.004	1.301	1.30	9.70	3	0.996	1.231	1.24	-0.7%	-4.6%
Domain 2 High-Grade	Ag	3,195	0.2500	1,199	38.44	57.58	1.50	770	2	38.22	54.10	1.42	-0.6%	-5.5%
	Au	3,195	0.0025	3.82	0.106	0.143	1.35	1.70	2	0.105	0.130	1.24	-0.6%	-8.5%
	Pb	3,195	0.0008	17.98	0.713	1.136	1.59	14.70	3	0.711	1.117	1.57	-0.2%	-1.5%
	Zn	3,195	0.0037	30.00	1.065	1.599	1.50	15.00	5	1.053	1.450	1.38	-1.1%	-8.3%
Domain 3 High-Grade	Ag	2,795	0.2500	1,190	54.05	76.85	1.42	833	2	53.93	75.24	1.40	-0.2%	-1.9%
	Au	2,795	0.0025	22.40	0.338	0.700	2.07	16.00	2	0.336	0.632	1.88	-0.7%	-9.1%
	Pb	2,795	0.0025	19.82	0.770	1.186	1.54	11.00	3	0.765	1.122	1.47	-0.7%	-4.8%
	Zn	2,795	0.0023	9.19	0.707	0.903	1.28	8.50	4	0.707	0.900	1.27	0.0%	-0.3%
Domain 4 High-Grade	Ag	4,312	0.2500	1,071	39.95	61.73	1.55	760	5	39.80	59.74	1.50	-0.4%	-2.9%
	Au	4,312	0.0025	2.94	0.075	0.129	1.73	1.60	6	0.074	0.116	1.56	-1.1%	-9.6%
	Pb	4,312	0.0015	16.37	0.565	0.838	1.48	9.80	1	0.564	0.814	1.45	-0.3%	-2.5%
	Zn	4,312	0.0061	19.46	1.139	1.400	1.23	13.00	6	1.133	1.343	1.19	-0.5%	-3.6%
Domain 5 High-Grade	Ag	1,604	0.2500	1,575	54.46	109.97	2.02	850	7	53.32	98.45	1.85	-2.1%	-8.6%
	Au	1,604	0.0025	6.37	0.076	0.242	3.16	1.50	5	0.071	0.151	2.13	-7.5%	-32.6%
	Pb	1,604	0.0015	14.69	0.568	1.037	1.82	9.50	3	0.562	0.970	1.72	-1.0%	-5.5%
	Zn	1,604	0.0077	14.09	1.343	1.637	1.22	12.70	5	1.342	1.624	1.21	-0.1%	-0.6%
Domain 6 High-Grade	Ag	320	0.4323	370	31.16	36.93	1.19	None	0	31.16	36.93	1.19	0.0%	0.0%
	Au	320	0.0025	2.55	0.080	0.199	2.50	1.00	3	0.073	0.142	1.93	-7.8%	-22.8%
	Pb	320	0.0007	16.936	0.319	1.041	3.27	3.00	3	0.275	0.486	1.77	-13.8%	-45.8%
	Zn	320	0.0081	11.094	1.477	1.637	1.11	None	1	1.477	1.637	1.11	0.0%	0.0%

Table 14.4 Capping statistics for the low-grade stockwork sub-domains.

Cordero Capping Stats		No of Comps	Uncapped					Capping Limit		Capped			Difference	
			Min	Max	Mean	StdDev	CoV	Value	Number	Mean	StdDev	CoV	% Metal	Δ CoV
		#	g/t, %	g/t, %	g/t, %	g/t, %		g/t, %	#	g/t, %	g/t, %		%	%
Domain 1 Stockwork	Ag	10,216	0.1000	666	3.97	14.13	3.56	270	5	3.88	10.95	2.82	-2.4%	-20.6%
	Au	10,216	0.0025	2.16	0.015	0.046	3.05	0.83	5	0.015	0.040	2.70	-1.3%	-11.5%
	Pb	10,216	0.0001	12.80	0.053	0.262	4.94	3.96	6	0.050	0.172	3.42	-5.0%	-30.7%
	Zn	10,216	0.0005	12.92	0.134	0.326	2.43	4.50	6	0.132	0.283	2.13	-1.4%	-12.2%
Domain 2 Stockwork	Ag	12,697	0.1000	1,120	6.79	17.31	2.55	400	6	6.72	14.07	2.10	-1.1%	-17.8%
	Au	12,697	0.0025	0.90	0.028	0.043	1.51	None	0	0.028	0.043	1.51	0.0%	0.0%
	Pb	12,697	0.0002	19.88	0.095	0.288	3.03	6.60	6	0.094	0.223	2.38	-1.5%	-21.3%
	Zn	12,697	0.0007	18.48	0.171	0.394	2.31	6.50	8	0.168	0.322	1.91	-1.5%	-17.1%
Domain 3 Stockwork	Ag	8,900	0.1000	152	5.55	9.02	1.62	None	0	5.55	9.02	1.62	0.0%	0.0%
	Au	8,900	0.0025	1.90	0.042	0.066	1.58	0.57	6	0.041	0.061	1.47	-0.8%	-7.1%
	Pb	8,900	0.0002	3.36	0.068	0.138	2.02	1.58	9	0.067	0.126	1.86	-1.1%	-7.7%
	Zn	8,900	0.0007	9.14	0.137	0.334	2.44	5.00	10	0.136	0.307	2.27	-1.0%	-7.0%
Domain 4 Stockwork	Ag	27,402	0.1000	805	6.89	18.27	2.65	350	17	6.80	15.73	2.31	-1.3%	-12.7%
	Au	27,402	0.0025	1.96	0.025	0.043	1.74	0.67	14	0.024	0.039	1.59	-0.7%	-9.1%
	Pb	27,402	0.0001	10.17	0.081	0.206	2.53	3.30	13	0.081	0.187	2.32	-0.9%	-8.5%
	Zn	27,402	0.0004	13.08	0.182	0.386	2.12	6.30	7	0.181	0.375	2.07	-0.3%	-2.6%
Domain 5 Stockwork	Ag	16,600	0.1000	2,522	4.81	28.18	5.85	360	8	4.54	15.20	3.35	-5.7%	-42.8%
	Au	16,600	0.0025	1.86	0.013	0.031	2.38	0.50	8	0.013	0.025	1.91	-1.6%	-19.8%
	Pb	16,600	0.0001	6.45	0.050	0.164	3.28	2.00	20	0.048	0.134	2.76	-3.0%	-16.0%
	Zn	16,600	0.0002	10.30	0.141	0.360	2.55	5.40	10	0.140	0.336	2.40	-0.8%	-5.9%
Domain 6 Stockwork	Ag	7,793	0.1000	218	3.76	7.32	1.95	100.0	4	3.74	6.99	1.87	-0.4%	-4.2%
	Au	7,793	0.0025	3.16	0.015	0.060	3.85	0.88	7	0.015	0.041	2.73	-3.9%	-29.1%
	Pb	7,793	0.0001	5.818	0.037	0.152	4.05	2.28	6	0.037	0.133	3.62	-2.1%	-10.5%
	Zn	7,793	0.0001	9.116	0.126	0.300	2.37	3.50	9	0.125	0.279	2.23	-0.9%	-6.2%

Variography

Experimental pairwise relative semi-variograms were calculated and modeled for each metal in each mineralized domain. Spherical two structure models were fitted to experimental semi-variograms in most cases and for all metals except HG Domain 6 where a one structure model was fitted. An example of experimental semi-variograms for Ag with fitted models for the three principal directions is shown in Figure 14.8.

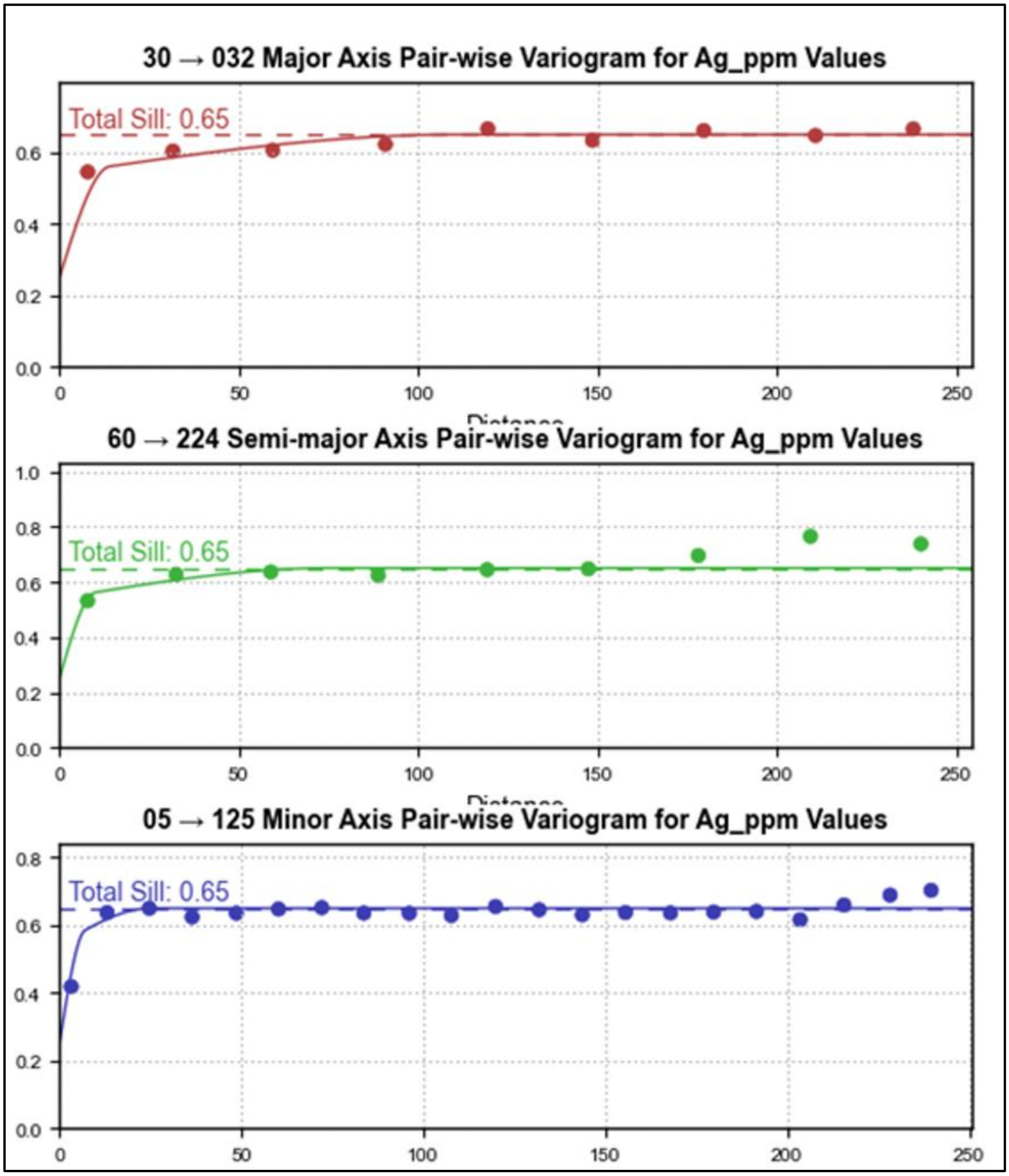


Figure 14.8 Example of variogram modeling.

All the domains had sufficient samples to create good experimental semi-variograms for each metal. Strong anisotropy was observed for the most part and directional variogram models were used. The nugget values (i.e., the sample variability at close distance) were established from downhole variograms.

Nugget values were on average around 33% of the total sill value for all elements in all domains. Major axes range for the short first structures of all the variograms were approximately 25m and the ranges for the second structure were 115m on average. All variogram model parameters are listed per element in Table 14.5 through Table 14.8 below.

Table 14.5 Variogram model parameters for silver.

General		Direction in degrees			Nugget	First Structure					Second Structure				
						Structure	Sill	Range in m			Structure	Sill	Range in m		
Element	Variogram	Dip	Dip Az	Plunge				Major	Semi	Minor			Major	Semi	Minor
	Ag_ DHG1	80	325	155	0.19	Spherical	0.15	50	25	10	Spherical	0.31	130	100	50
	Ag_ DHG2	80	320	150	0.28	Spherical	0.19	25	15	7	Spherical	0.14	115	85	35
	Ag_ DHG3	85	305	150	0.25	Spherical	0.29	14	10	7	Spherical	0.11	110	75	25
	Ag_ DHG4	80	325	145	0.28	Spherical	0.19	18	15	8	Spherical	0.15	100	65	40
	Ag_ DHG5	80	325	150	0.39	Spherical	0.22	27	21	8	Spherical	0.09	100	75	30
	Ag_ DHG6	80	325	150	0.38	Spherical	0.21	136	120	60					
Silver	Ag_ DSW1	80	315	155	0.2	Spherical	0.27	23	20	9	Spherical	0.18	120	75	45
	Ag_ DSW2	85	320	150	0.19	Spherical	0.23	20	12	12	Spherical	0.17	108	68	48
	Ag_ DSW3	85	325	150	0.11	Spherical	0.24	20	17	13	Spherical	0.22	128	70	50
	Ag_ DSW4	80	325	150	0.2	Spherical	0.22	18	16	10	Spherical	0.15	118	78	50
	Ag_ DSW5	80	325	150	0.21	Spherical	0.26	25	21	16	Spherical	0.15	124	88	66
	Ag_ DSW6	80	325	150	0.16	Spherical	0.21	21	17	11	Spherical	0.22	130	80	68
	Ag_ Dyke	85	327	150	0.18	Spherical	0.34	21	15	9	Spherical	0.25	96	88	36

Table 14.6 Variogram model parameters for gold.

General		Direction in degrees			Nugget	First Structure					Second Structure				
						Structure	Sill	Range in m			Structure	Sill	Range in m		
Element	Variogram	Dip	Dip Az	Plunge				Major	Semi	Minor			Major	Semi	Minor
	Au_ DHG1	80	325	155	0.09	Spherical	0.249	53	30	6	Spherical	0.1475	130	100	50
	Au_ DHG2	80	320	150	0.13	Spherical	0.216	25	25	5	Spherical	0.11	115	85	35
	Au_ DHG3	85	305	150	0.1	Spherical	0.16	25	14	8	Spherical	0.19	110	75	50
	Au_ DHG4	80	325	145	0.18	Spherical	0.16	20	15	13	Spherical	0.16	100	65	41
	Au_ DHG5	80	325	150	0.21	Spherical	0.23	23	14	8	Spherical	0.17	100	75	35
	Au_ DHG6	80	325	150	0.34	Spherical	0.56	136	120	60					
Gold	Au_ DSW1	80	315	155	0.14	Spherical	0.2	60	17	10	Spherical	0.15	120	75	35
	Au_ DSW2	85	320	150	0.12	Spherical	0.17	19	12	12	Spherical	0.14	108	68	48
	Au_ DSW3	85	325	150	0.08	Spherical	0.2	27	15	10	Spherical	0.25	128	70	50
	Au_ DSW4	80	325	150	0.18	Spherical	0.16	20	19	15	Spherical	0.11	118	78	50
	Au_ DSW5	80	325	150	0.13	Spherical	0.18	20	16	12	Spherical	0.15	124	88	66
	Au_ DSW6	80	325	150	0.18	Spherical	0.16	26	22	9	Spherical	0.24	130	80	68
	Au_ Dyke	85	327	150	0.07	Spherical	0.25	18	15	9	Spherical	0.21	96	88	36

Table 14.7 Variogram model parameters for lead.

General		Direction in degrees			Nugget	First Structure					Second Structure				
						Structure	Sill	Range in m			Structure	Sill	Range in m		
Element	Variogram	Dip	Dip Az	Plunge				Major	Semi	Minor			Major	Semi	Minor
Lead	Pb_ DHG1	80	325	155	0.2	Spherical	0.2595	70	25	5	Spherical	0.1972	130	100	50
	Pb_ DHG2	80	320	150	0.26	Spherical	0.256	30	25	5	Spherical	0.14	115	85	30
	Pb_ DHG3	85	305	150	0.34	Spherical	0.31	19	14	8	Spherical	0.06	110	75	30
	Pb_ DHG4	80	325	145	0.27	Spherical	0.24	17	13	8	Spherical	0.15	100	60	40
	Pb_ DHG5	80	325	150	0.34	Spherical	0.24	23	20	5	Spherical	0.17	100	75	30
	Pb_ DHG6	80	325	150	0.49	Spherical	0.58	136	120	60					
	Pb_ DSW1	80	315	155	0.27	Spherical	0.26	24	19	12	Spherical	0.3	120	75	70
	Pb_ DSW2	85	320	150	0.21	Spherical	0.28	20	14	9	Spherical	0.18	108	68	48
	Pb_ DSW3	85	325	150	0.25	Spherical	0.27	22	11	7	Spherical	0.26	128	70	50
	Pb_ DSW4	80	325	150	0.2	Spherical	0.3	26	23	10	Spherical	0.18	118	78	50
	Pb_ DSW5	80	325	150	0.24	Spherical	0.35	24	17	11	Spherical	0.18	124	88	66
	Pb_ DSW6	80	325	150	0.2	Spherical	0.3	20	15	10	Spherical	0.27	130	80	68
	Pb_ Dyke	85	327	150	0.23	Spherical	0.34	18	15	9	Spherical	0.28	96	88	36

Table 14.8 Variogram model parameters for zinc.

General		Direction in degrees			Nugget	First Structure					Second Structure				
						Structure	Sill	Range in m			Structure	Sill	Range in m		
Element	Variogram	Dip	Dip Az	Plunge				Major	Semi	Minor			Major	Semi	Minor
Zinc	Zn_ DHG1	80	325	155	0.2	Spherical	0.1695	45	20	5	Spherical	0.2072	130	100	50
	Zn_ DHG2	80	320	150	0.2	Spherical	0.306	22	15	5	Spherical	0.12	115	85	30
	Zn_ DHG3	85	305	150	0.23	Spherical	0.3	18	13	8	Spherical	0.21	110	60	22
	Zn_ DHG4	80	325	145	0.22	Spherical	0.22	15	12	9	Spherical	0.19	100	60	40
	Zn_ DHG5	80	325	150	0.35	Spherical	0.16	27	15	7	Spherical	0.14	100	75	45
	Zn_ DHG6	80	325	150	0.5	Spherical	0.36	136	120	60					
	Zn_ DSW1	80	315	155	0.23	Spherical	0.21	22	16	16	Spherical	0.22	120	75	60
	Zn_ DSW2	85	320	150	0.2	Spherical	0.23	25	15	10	Spherical	0.24	108	68	48
	Zn_ DSW3	85	325	150	0.25	Spherical	0.29	31	18	10	Spherical	0.16	128	70	50
	Zn_ DSW4	80	325	150	0.23	Spherical	0.21	21	21	17	Spherical	0.2	118	78	50
	Zn_ DSW5	80	325	150	0.26	Spherical	0.24	20	15	13	Spherical	0.23	124	88	66
	Zn_ DSW6	80	325	150	0.23	Spherical	0.29	18	15	13	Spherical	0.31	130	80	68
	Zn_ Dyke	85	327	150	0.23	Spherical	0.14	18	15	9	Spherical	0.38	96	88	36

Grade Estimation

Anisotropic search radii with variable orientations along mineralization trends were used to select data informing block estimates. Search distances and directions were based on the directional anisotropy of the silver variogram models. Ordinary kriging was used to estimate all blocks into the model in three estimation passes whereby each successive pass utilized a less restrictive sample search strategy to estimate any remaining un-estimated blocks. The search radii for the first estimation pass were set to half of the variogram range in each direction. The second pass doubles the search radii, so that they are all equal to the variogram model ranges. In the third pass the search radii are doubled again for the high-grade mineralization, and tripled for the low-grade stockwork mineralization.

The search ellipse orientations in all cases display the strongest trend NE-SW with a steep dip towards the northwest and a shallow northeast plunge. All domains were estimated using ordinary kriging. Search orientations and sample selection criteria for each domain is shown below in Table 14.9 and Table 14.10.

An estimation pre-pass using a very short search radius was used to ensure that drill hole data within a block were always used for the estimation of that same block, regardless of the setting of the maximum number of samples per drill hole. This ensures that the resource block model is consistent with drill holes in their immediate vicinity.

Table 14.9 Search parameters for high-grade domains.

General		Ellipsoid Ranges			Number of Samples		Max/Hole
Domain	Pass	Max	Int	Min	Min	Max	Samples
DHG1	1	65	50	25	10	20	6
DHG1	2	130	100	50	8	20	5
DHG1	3	260	200	100	6	20	4
DHG2	1	57.5	42.5	17.5	10	20	6
DHG2	2	115	85	35	8	20	5
DHG2	3	230	170	70	6	20	4
DHG3	1	55	37.5	12.5	10	20	6
DHG3	2	110	75	25	8	20	5
DHG3	3	220	150	50	6	20	4
DHG4	1	50	32.5	20	10	20	6
DHG4	2	100	65	40	8	20	5
DHG4	3	200	130	80	6	20	4
DHG5	1	50	37.5	15	10	20	6
DHG5	2	100	75	30	8	20	5
DHG5	3	200	150	60	6	20	4
DHG6	1	68	60	30	10	20	6
DHG6	2	136	120	60	8	20	5
DHG6	3	272	240	120	5	20	Not used

Table 14.10 Search parameters for low-grade stockwork domains.

General		Ellipsoid Ranges			Number of Samples		Max/Hole
Domain	Pass	Max	Int	Min	Min	Max	Samples
DSW1	1	60	37.5	22.5	10	20	6
DSW1	2	120	75	45	8	20	5
DSW1	3	360	225	135	6	20	4
DSW2	1	54	34	24	10	20	6
DSW2	2	108	68	48	8	20	5
DSW2	3	324	204	144	6	20	4
DSW3	1	64	35	25	10	20	6
DSW3	2	128	70	50	8	20	5
DSW3	3	384	210	150	6	20	4
DSW4	1	59	39	25	10	20	6
DSW4	2	118	78	50	8	20	5
DSW4	3	354	234	150	6	20	4
DSW5	1	62	44	33	10	20	6
DSW5	2	124	88	66	8	20	5
DSW5	3	372	264	198	6	20	4
DSW6	1	65	40	34	10	20	6
DSW6	2	130	80	68	8	20	5
DSW6	3	60	37.5	22.5	5	20	Not used

Density

Density values were available from metallurgical test work for rhyodacite, siltstone and two breccia samples. No measurements were taken for the dike and hornfels lithotypes. A total of 1501 density measurements were collected from pulps for the oxide zone, 355 measurements for the transition zone and 5244 pulp measurements for fresh rock, so a large dataset of pulp density exists.

Dry bulk densities were calculated by adjusting the average measured pulp density, using a factor calculated from the ratio of the average dry bulk density measured in metallurgical test work to the average pulp density measurement for the same rock type. These factors could be calculated for rhyodacite and siltstone, where abundant measurements exist. For the dike and hornfels lithotypes, their factors for adjusting pulp to dry bulk density were based on the factors calculated for rhyodacite and siltstone. Using these adjustment factors, the average pulp density measurements for each lithotype were adjusted downward to create the average dry bulk density used in the resource block models.

Density values for the oxide and transitional portions of each lithotype were factored down by an additional 4% and applied to the oxide blocks. The densities used in the resource model are tabulated below (Table 14.11).

Table 14.11 Dry bulk density values.

Rock Type	Sulphide	Oxide
Rhyodacite	2.64	2.53
Siltstone	2.71	2.60
Rhyodacite Breccia	2.67	2.56
Phreatic Breccia	2.67	2.56
Dike	2.64	2.53
Hornfels	2.76	2.65

Block Model

The block model was constructed to fill the domain volumes with 20m x 5m x 10m blocks in the X, Y and Z directions rotated to an azimuth of 55° to best represent the data density, the narrower, steeply dipping deposit shape, and to minimize blocks unsupported by data.

More precise representation of the domain volume was achieved by allowing sub-blocks to be created at domain boundaries. Each parent cell could be split in the X, Y and Z directions. Blocks were split in the X and Y directions to a minimum possible size of 2.5m, while the height of the block was truncated precisely against the wireframe boundary. Each sub-block was assigned the estimate derived for the parent block.

Two long sections and three cross sections are shown in Figure 14.10 to Figure 14.14. Figure 14.9 is a location map showing the orientations of the sections.

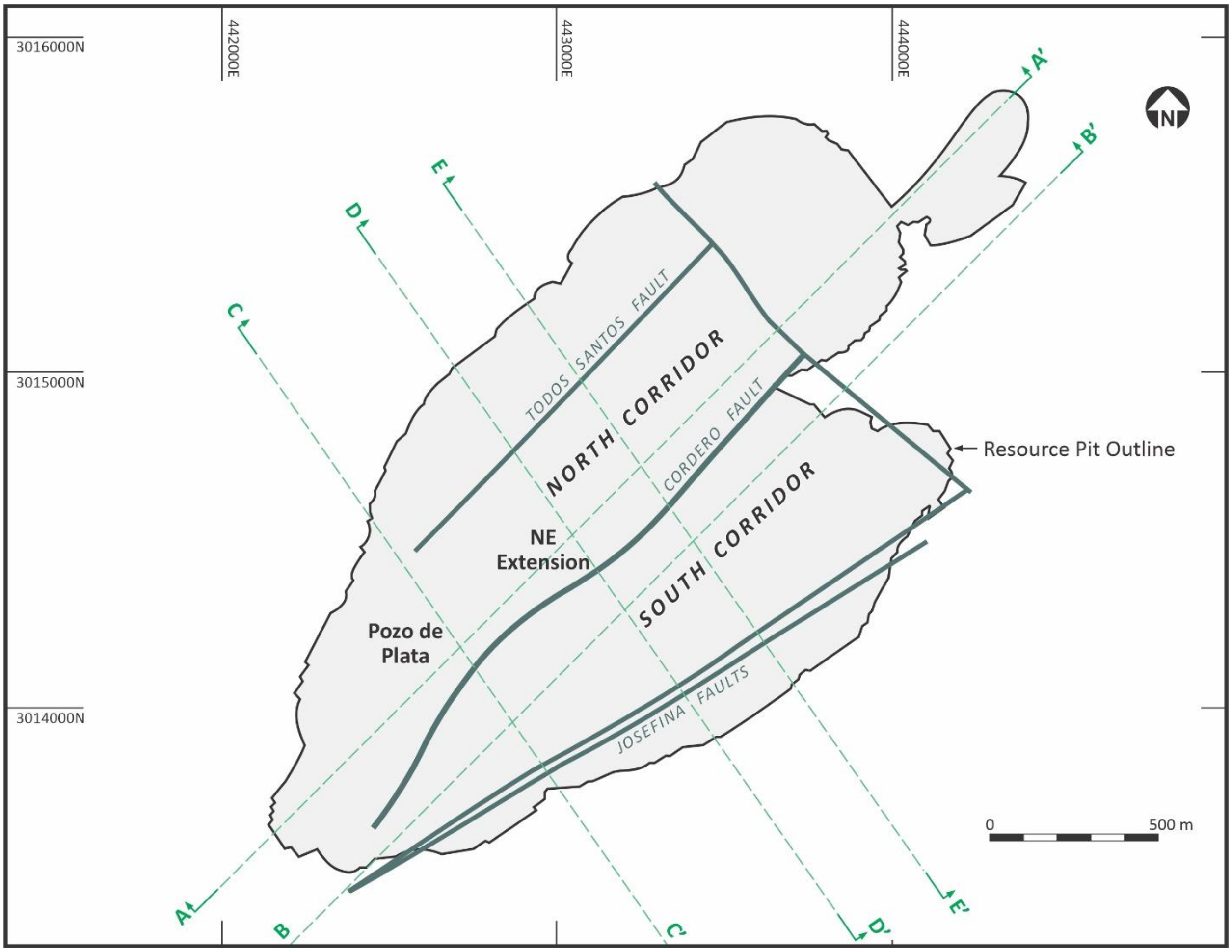


Figure 14.9 Locations of lines used for cross-sections and long-sections.

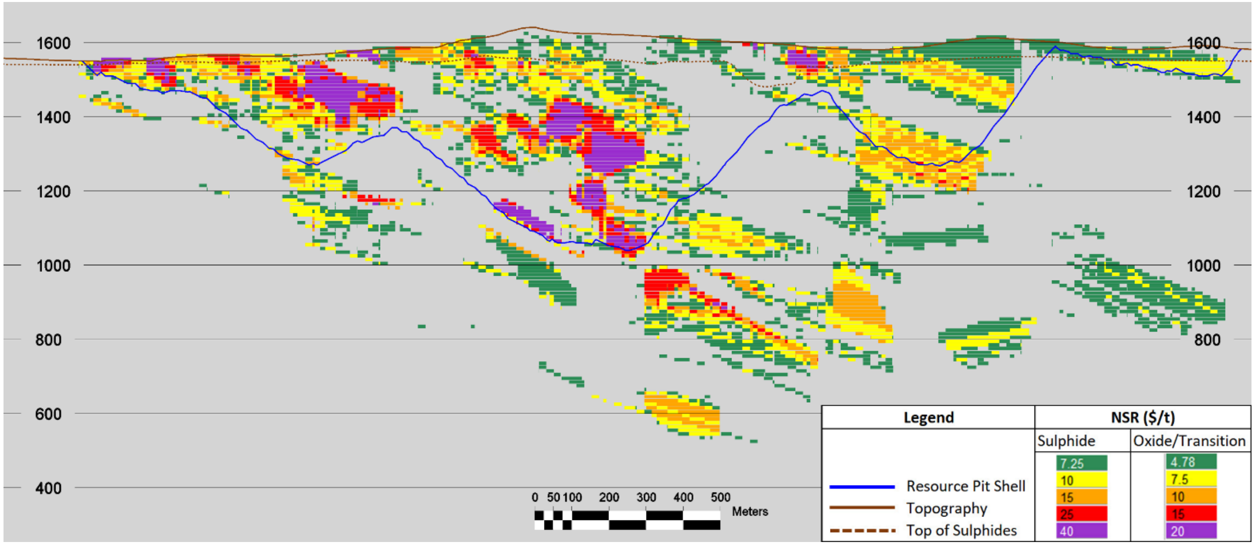


Figure 14.10 Long-section A-A' through the resource block model.

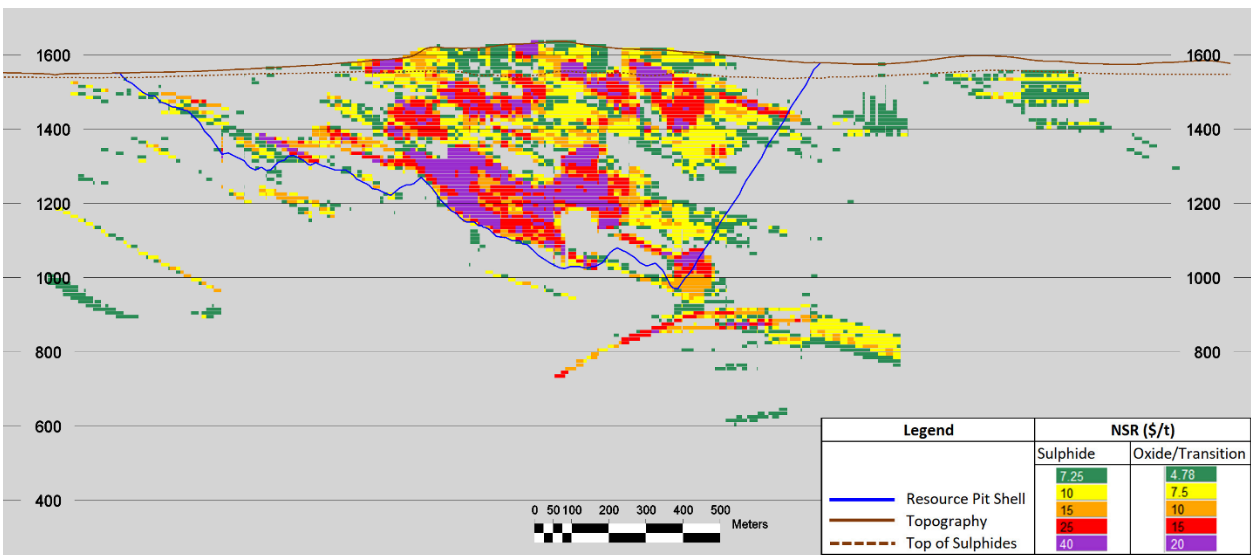


Figure 14.11 Long-section B-B' through the resource block model.

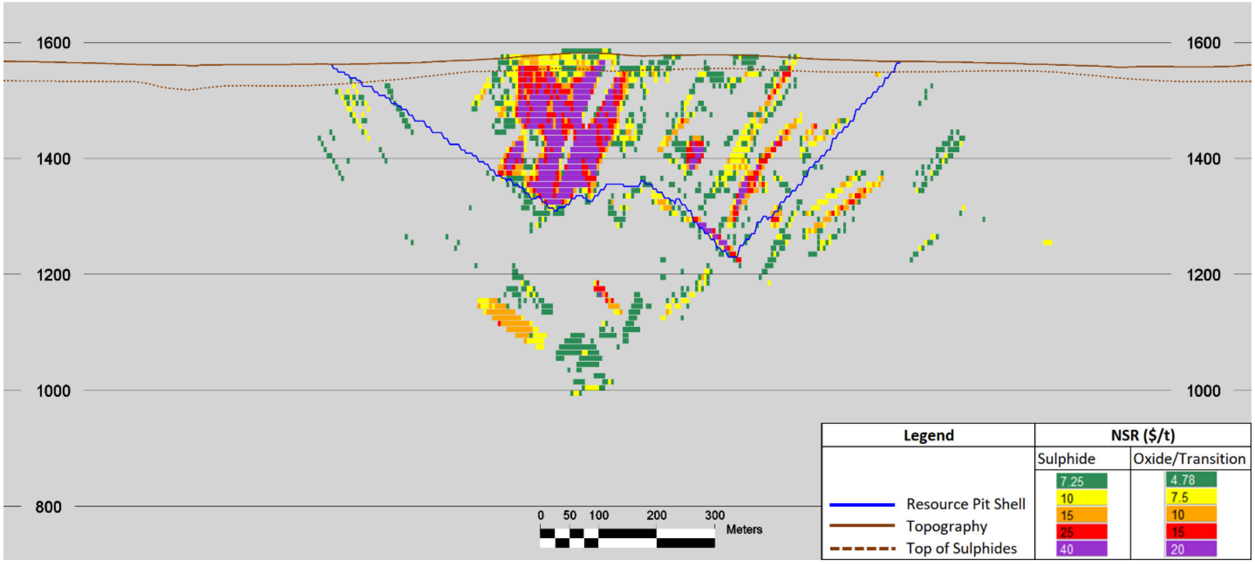


Figure 14.12 Cross-section C-C' through the resource block model.

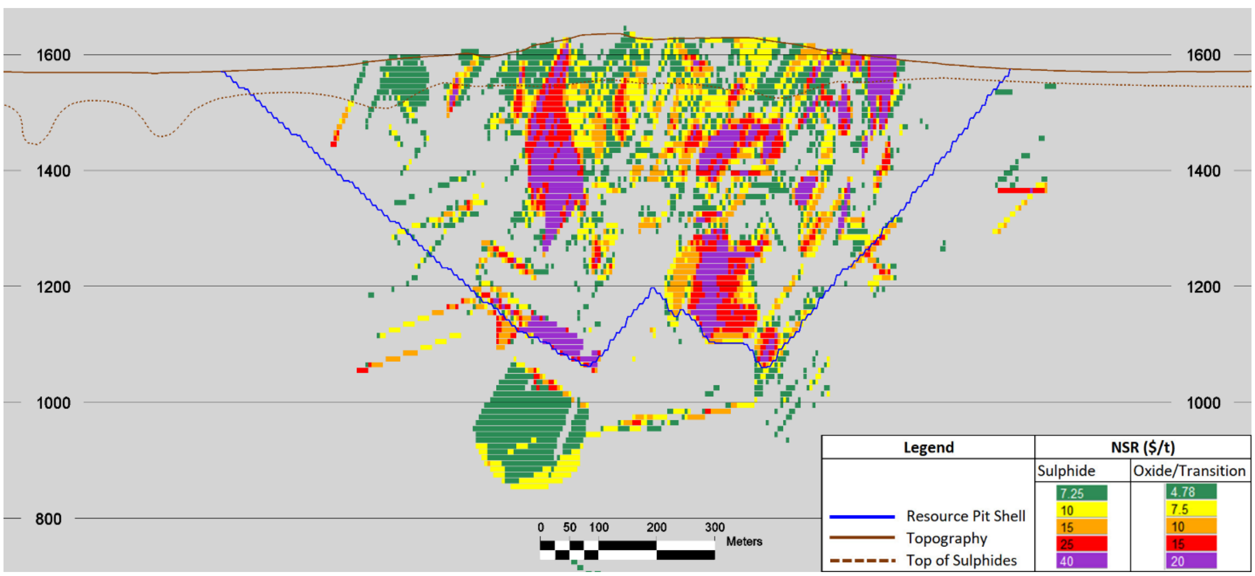


Figure 14.13 Cross-section D-D' through the resource block model.

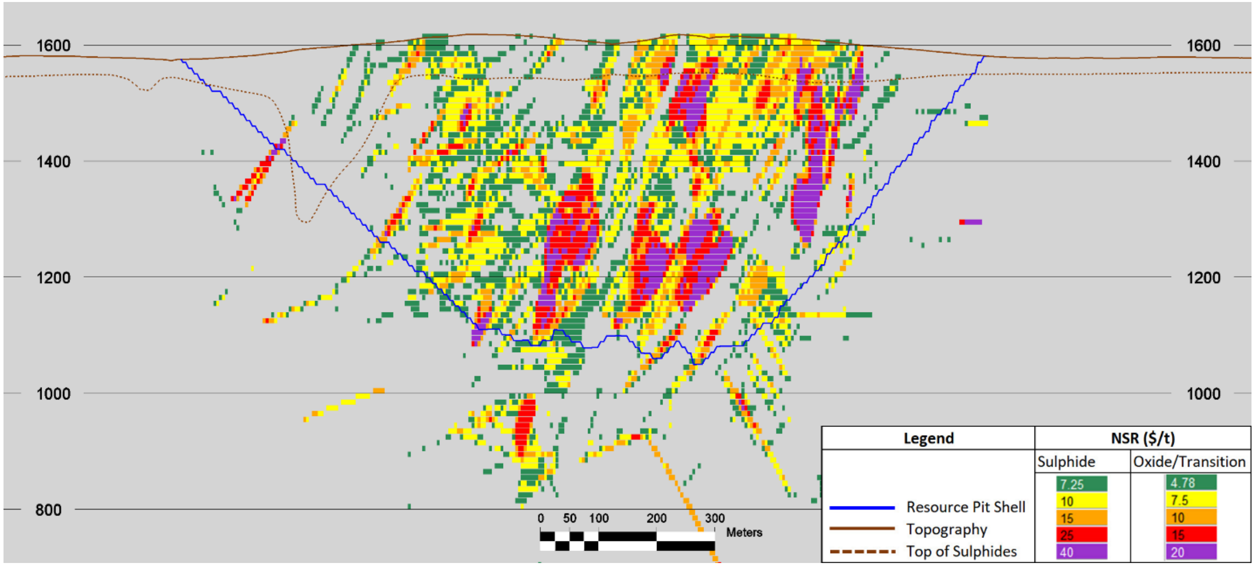


Figure 14.14 Cross-section E-E' through the resource block model.

Validation

The block estimates were validated by completing a series of visual comparisons while stepping through the model comparing block grades vs. composite grades for each of the estimated elements for each domain. Just over 100 blocks representing each of the domains were checked to verify that the informing data was selected according to the search strategy and the weights applied to each composite matched the block estimate. Scatter plots of each estimated metal show a good correlation between composite values and block estimates. The silver graph is shown in Figure 14.15 and graphs for the other three metals can be found in the Appendices.

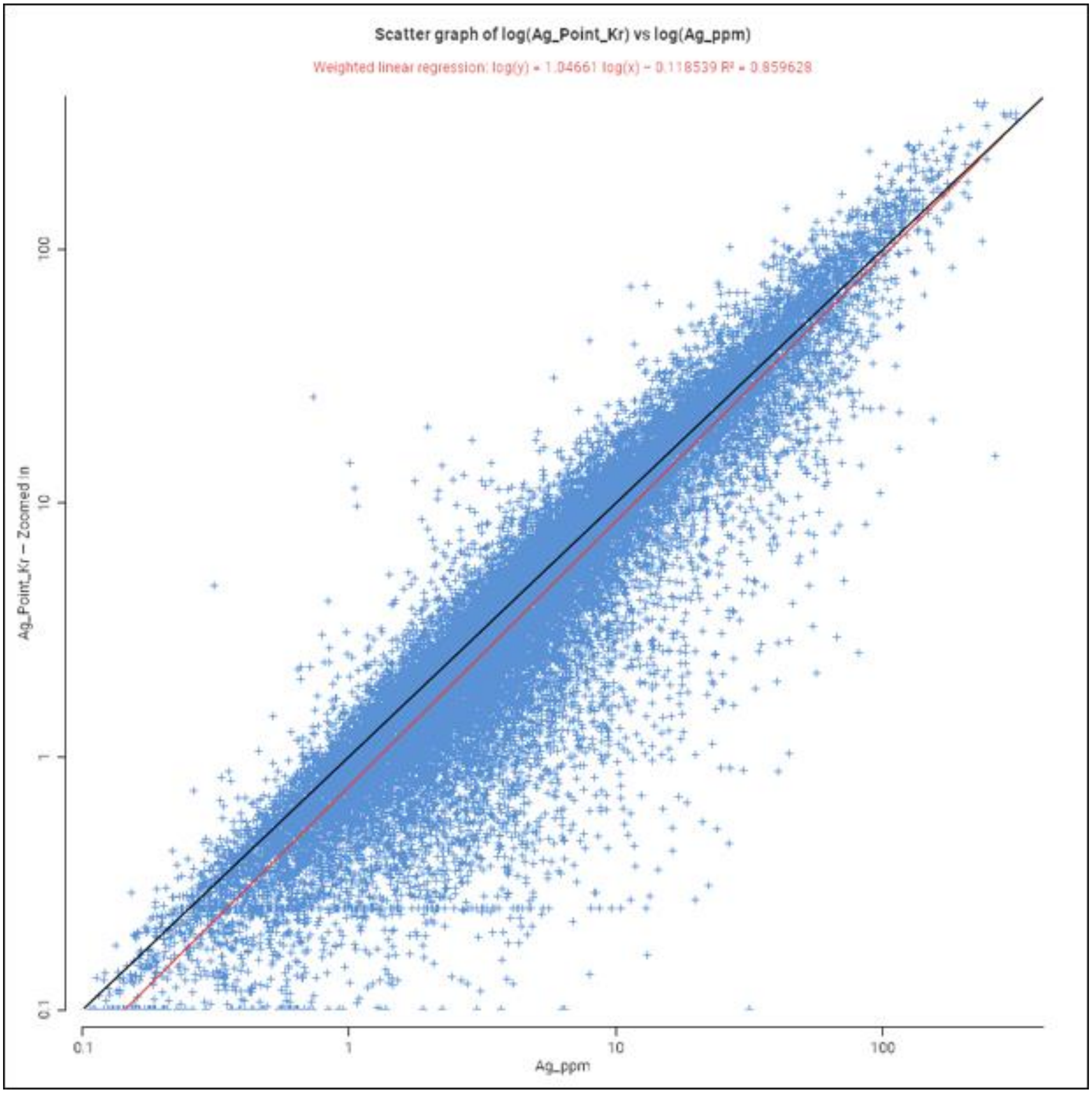
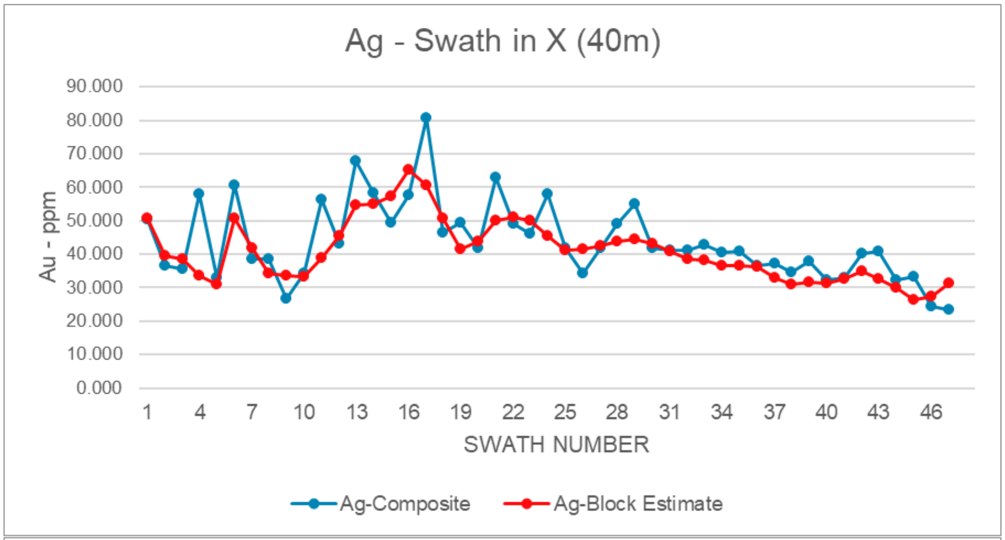
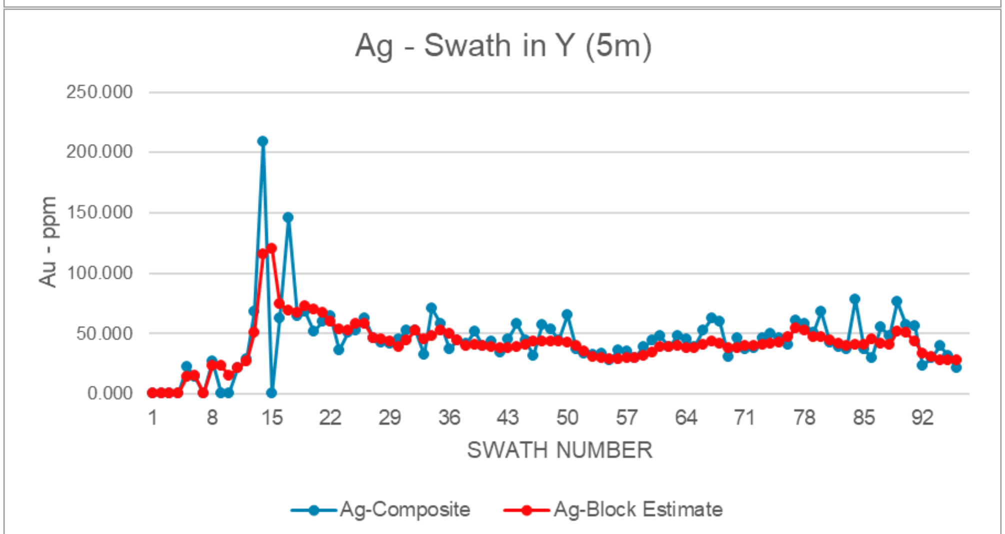


Figure 14.15 Scatterplot of Ag composites versus Ag block estimates.

Additionally, swath plots were generated for eastings, northings, and elevation. Figure 14.16 shows the swath plot for silver grades for all Domains. The average modelled grade agrees well with the average grade of the composites across the model. The swath plots for Au, Pb and Zn are presented in the Appendices.


Ag - Swath in X (40m)
Au - ppm
90.000
80.000
70.000
60.000
50.000
40.000
30.000
20.000
10.000
0.000
1
4
7
10
13
16
19
22
25
28
31
34
37
40
43
46
SWATH NUMBER
Ag-Composite
Ag-Block Estimate


Ag - Swath in Y (5m)
Au - ppm
250.000
200.000
150.000
100.000
50.000
0.000
1
8
15
22
29
36
43
50
57
64
71
78
85
92
SWATH NUMBER
Ag-Composite
Ag-Block Estimate

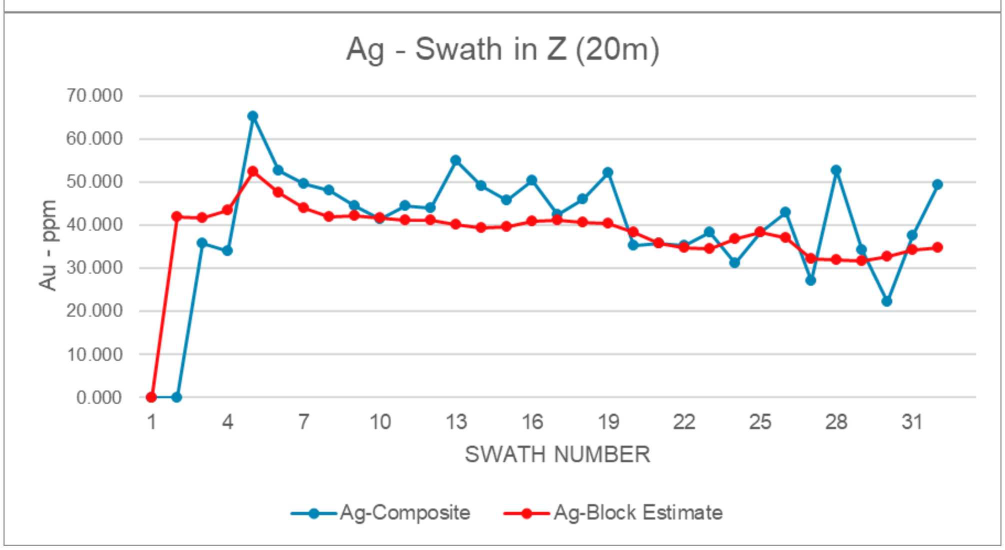

Ag - Swath in Z (20m)
Au - ppm
70.000
60.000
50.000
40.000
30.000
20.000
10.000
0.000
1
4
7
10
13
16
19
22
25
28
31
SWATH NUMBER
Ag-Composite
Ag-Block Estimate

Figure 14.16 Swath plots comparing silver estimates to drill hole data.

Classification

The block model was classified into Measured, Indicated, and Inferred resource categories. Blocks were assigned a preliminary classification based on the variography, drill hole spacing and number of samples in each pass as it relates to the search strategy. Search distances for the first pass is half the variogram range and this was used as the initial classification for assigning blocks to the Measured resource category. Blocks estimated in the second pass employed a search distance of the full variogram range and were allocated to the Indicated resource category. Blocks estimated in the third pass that allowed a relaxed search of up to three times the variogram range were assigned to the Inferred resource category.

The preliminary classification boundaries were then adjusted with a smoothing routine to create continuity of blocks within the corresponding resource category classification (Figure 14.17). The smoothing step, which removes small islands of one classification stranded in a sea of a different classification, does not change the overall proportion of blocks in each category in the preliminary assignment of Measured, Indicated and Inferred codes. By aggregating the classification codes into coherent spatial regions, the smoothing ensures that the classification better adheres to the requirements of the CIM Definition Standard, which describes the differences between the three categories in terms of mine planning and detailed mine planning, which cannot be done on small islands that consist of only a few stranded blocks.

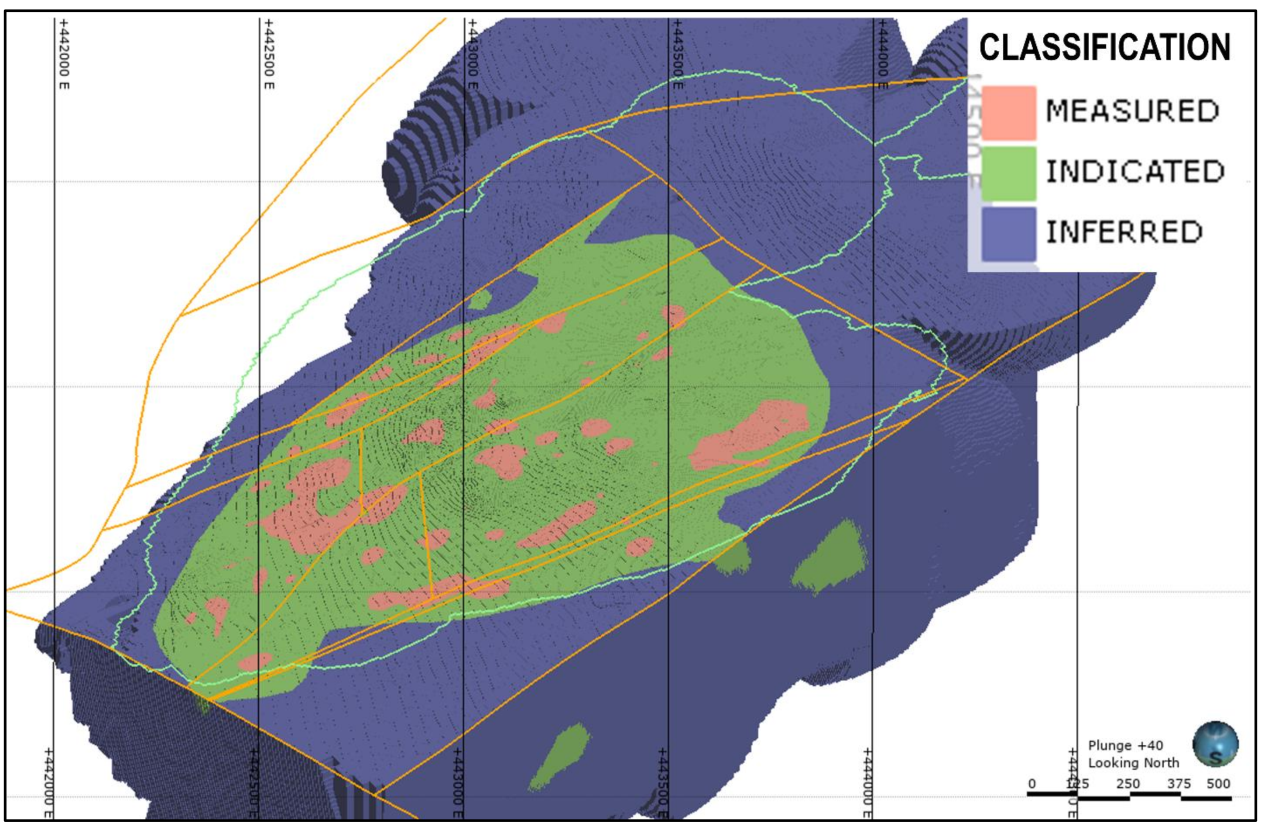


Figure 14.17 Resource classification.

Mineral Resource Statement

The Cordero mineral resources were classified as Measured, Indicated, and Inferred, in accordance with the CIM Definition Standards for Mineral Resources and Mineral Reserves [22], which provides the following definitions:

A Mineral Resource is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling.

An Inferred Mineral Resource is that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

An Indicated Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve.

A Measured Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proven Mineral Reserve or to a Probable Mineral Reserve.

The Cordero resources reported in this report are mineral resources, and not mineral reserves. The extraction and processing of the known mineralization has not yet been determined to be economically and technically viable, and there is no guarantee that the Measured and Indicated resources will become mineral reserves in future. Inferred resources cannot become reserves unless future drilling improves the confidence in these areas so that they can later be classified as Measured or Indicated resources.

The mineral resources are reported at an NSR cutoff that takes into account the likely process option and are constrained to lie within an open pit shell since this is the extraction scenario that would be used to mine this mineralization.

Net Smelter Return (NSR)

- NSR is calculated as the net revenue from metal sales (taking in to account metallurgical recoveries and payabilities) less treatment costs and refining charges.
- Sulphide mineral resources are reported at a $7.25/t NSR cutoff based on the estimated processing and G&A cost for sulphide mineralization
- Oxide/transition mineral resources are reported at a $4.78/t NSR cutoff based on the estimated processing and G&A cost for oxide/transition mineralization

The "reasonable prospects for eventual economic extraction" requirement generally implies that the quantity and grade estimates meet certain economic thresholds and that the mineral resources are reported at an appropriate cutoff grade considering reasonable extraction scenarios and processing recoveries. The QP considers that the Cordero mineralization is amenable to open pit extraction and that constraining the reported resources to an ultimate pit shell meets the "reasonable prospects" requirement of the CIM Definition Standards.

Pit constraint and NSR calculation assumptions:

- Key assumptions are outlined directly:
- Commodity prices: Ag - $24.00/oz, Au - $1,800/oz, Pb - $1.10/lb, Zn - $1.20/lb.
- Metallurgical recoveries: sourced from the Company's 2021 test program - sulphides were based on locked cycle test work and oxides/transition was based on coarse bottle roll test work.
- Operating costs: mining costs of $1.54/t for mill feed and $1.64/t for waste (base case) were developed by AGP Mining Consultants Inc. and processing costs of $6.30/t for mill/flotation and $3.92/t for heap leaching and G&A costs of $0.86/t were developed by Ausenco Engineering Canada Inc.
- Pit slopes: pit slope assumptions were based on pit slope assessment completed by Knight Piésold and Co. (USA) for the upcoming PEA
- Commodity price assumptions were guided by the regulatory requirement for the MRE to have reasonable prospects for eventual economic extraction. Discovery has used the 90th percentile of the commodity prices for the past decade as a guide to what they might be in the coming decade, with a view toward ensuring that the open pit is not inadvertently undersized, leaving important infrastructure too close to the rim. The Company plans to use more conservative commodity prices for the preliminary economic assessment.

The pit optimization for the reporting pit shell is based on assumed offsite costs, metal recovery, and metal prices presented in Table 14.12.

Table 14.12 Pit constraint parameters.

PARAMETER	UNITS	Ag	Au	Pb	Zn
COMMODITY PRICES	*$/oz or $/lb$/lb*	$24.00	$1,800	$1.10	$1.20
NSR ROYALTY	*%*	0.5%	0.5%	-	-
PIT SLOPE ASSUMPTIONS	Five sectors were modeled based on core logging and two geotechnical holes with inter-ramp angles ranging from 40° to 59°				
PROCESS RECOVERIES					
Heap Leach (Oxide/Transition)	*%*	60%	70%	-	-
Flotation (Sulphide)					
Breccia – Volcanic					
Recovery to Pb concentrate	*%*	79%	13%	91%	-
Recovery to Zn concentrate	*%*	11%	7%	-	88%
Breccia – Sedimentary					
Recovery to Pb concentrate	*%*	75%	12%	89%	-
Recovery to Zn concentrate	*%*	9%	4%	-	86%
Volcanic					
Recovery to Pb concentrate	*%*	70%	13%	85%	-
Recovery to Zn concentrate	*%*	13%	6%	-	81%
Sedimentary					
Recovery to Pb concentrate	*%*	70%	13%	83%	-
Recovery to Zn concentrate	*%*	10%	5%	-	89%
METAL PAYABLE					
Dore (Heap Leach)		98%	99.9%	-	-
Concentrate (Flotation)					
Pb concentrate		95%	95%	95%	-
Zn concentrate		70%	70%	-	85%
OPERATING COSTS					
Mining cost - Ore	*$/t mined*	$1.54			
Mining cost - Waste	*$/t mined*	$1.64			
Processing cost – Heap leach (14,000 tpd)	*$/t stacked*	$3.92			
Processing cost – Flotation (40,000 tpd)	*$/t milled*	$6.39			
G&A (40,000 tpd)	*$/t milled*	$0.86			
TREATMENT/REFINING CHARGES					
Treatment charge – Pb con	*$/dmt*	$100			
Treatment charge – Zn con	*$/dmt*	$200			
Ag refining charge – Pb con	*$/oz*	$1.00			

Sulphide resource estimate

The MRE assumed a $7.25/t Net Smelter Return ("NSR") cutoff for sulphide mineralization (Table 14.13). A graph showing sensitivities to the NSR cutoff is also provided below in Figure 14.18.

Table 14.13 Sulphide mineral resources for the Cordero Project, with an effective date of October 20, 2021, above an NSR cutoff of $7.25/t and within a reporting pit shell.

		GRADE					CONTAINED METAL				
CLASS	**TONNAGE** ***(Mt)***	**Ag** *(g/t)*	**Au** *(g/t)*	**Pb** *(%)*	**Zn** *(%)*	**AgEq** *(g/t)*	**Ag** *(Moz)*	**Au** *(Koz)*	**Pb** *(Mlb)*	**Zn** *(Mlb)*	**AgEq** *(Moz)*
Measured	128	22	0.08	0.31	0.52	**52**	89	328	881	1,470	**212**
Indicated	413	19	0.05	0.28	0.51	**47**	255	707	2,543	4,663	**625**
Meas. & Ind.	**541**	**20**	**0.06**	**0.29**	**0.51**	**48**	**344**	**1,035**	**3,424**	**6,132**	**837**
Inferred	**108**	**14**	**0.03**	**0.19**	**0.38**	**34**	**49**	**99**	**451**	**909**	**119**

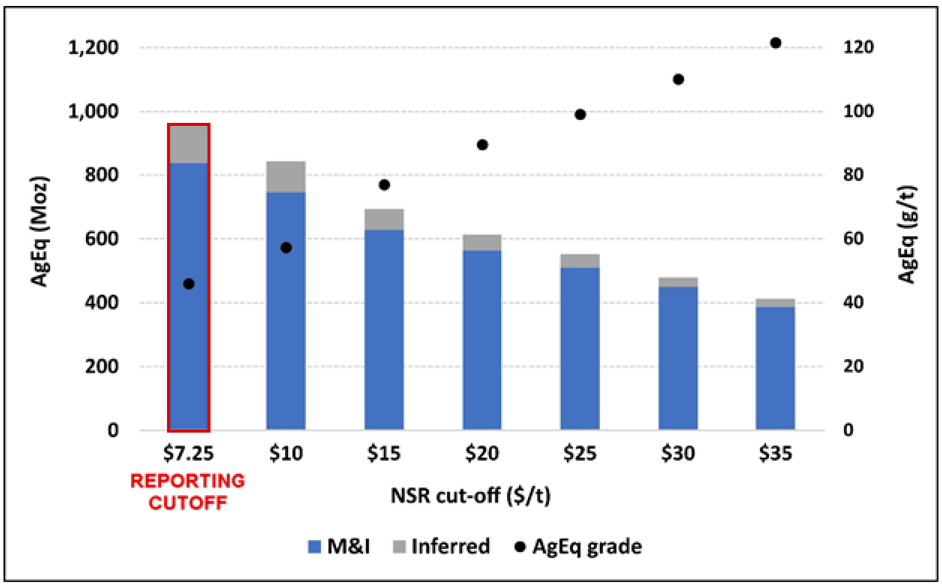


Figure 14.18 Sulphide resource estimate – NSR cutoff sensitivity.

Oxide/transition resource estimate

The MRE assumed a $4.78/t NSR cutoff for oxide/transition mineralization (Table 14.14). A graph showing sensitivities to the NSR cutoff is provided in Figure 14.19.

Table 14.14 Oxide mineral resources for the Cordero Project, with an effective date of October 20, 2021, above an NSR cutoff of $4.78/t and within a reporting pit shell.

		GRADE			CONTAINED METAL			
CLASS	**TONNAGE** ***(Mt)***	**Ag** *(g/t)*	**Au** *(g/t)*	**AgEq** *(g/t)*	**Ag** *(Moz)*	**Au** *(Koz)*	**AgEq** *(Moz)*	**%OXIDE / %TRANSITION**
Measured	23	20	0.06	**25**	15	43	**19**	**92% / 8%**
Indicated	75	19	0.05	**23**	45	125	**56**	**87% / 13%**
Meas. & Ind.	**98**	**19**	**0.05**	**23**	**60**	**168**	**74**	**88% / 12%**
Inferred	**35**	**16**	**0.04**	**20**	**18**	**44**	**22**	**63% / 37%**

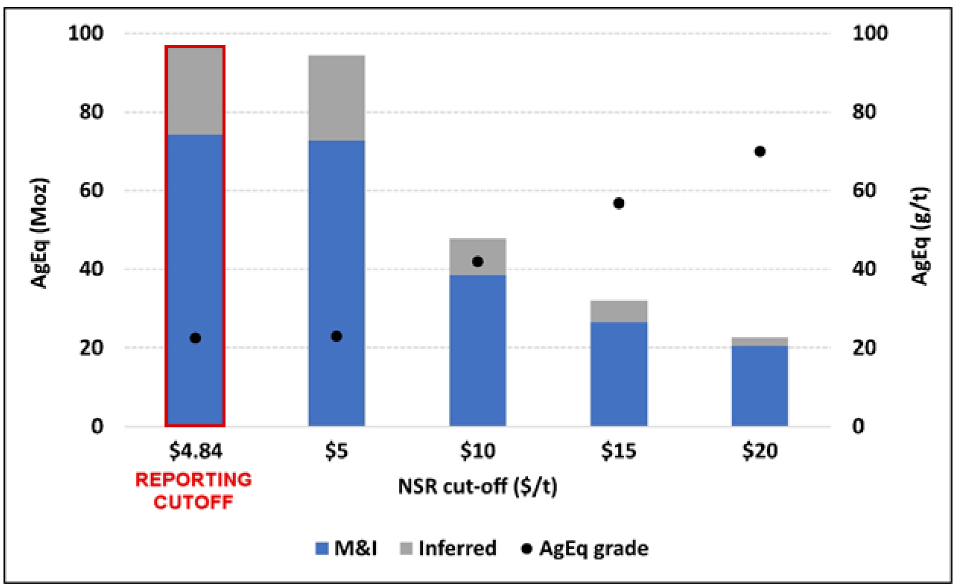


Figure 14.19 Oxide resource estimate – NSR cutoff sensitivity.

Notes supporting technical disclosure:

- Mineral resources that are not mineral reserves -do not have demonstrated economic viability.
- AgEq for sulphide mineral resources is calculated as Ag + (Au x 16.07) + (Pb x 32.55) + (Zn x 35.10); these factors are based on commodity prices of Ag - $24.00/oz, Au - $1,800/oz, Pb - $1.10/lb, Zn - $1.20/lb and assumed recoveries of Ag – 84%, Au – 18%, Pb – 87% and Zn – 88%.

- AgEq for oxide/transition mineral resources is calculated as Ag + (Au x 87.5); this factor is based on commodity prices of Ag - $24.00/oz and Au - $1,800/oz and assumed recoveries of Ag – 60% and Au – 70%.
- The mineral resource is constrained by a pit optimization; supporting parameters for this pit constraint are provided in the Pit Constraint Parameters section in the Appendix below.
- Individual metals are reported at in-situ grade.
- Sensitivity cutoffs reported are a subset of the in-pit mineral resource.
- The effective date of the resource is October 20, 2021, and is based on drilling through to July 2021.
- There are no known legal, political, environmental, or other risks that could materially affect the potential development of the mineral resources.

QP Opinion

The QP for these mineral resource estimates, R. Mohan Srivastava, believes that the mineral resource estimates for the Cordero deposit have been generated using industry standard methods and follow best practices recommended by the CIM [23]. As such, the resource block model and its global resource inventory are suitable for public disclosure and for further use in the preliminary assessment of the technical and economic viability of the project.

The following sections of a 43-101 Technical Report are the “Additional Requirements for Advanced Property Technical Reports”, which pertain to studies that present mineral reserves, such as a Preliminary Feasibility Study or a full Feasibility Study, or that present an economic assessment of a project, such as a Preliminary Economic Assessment (PEA). Since this Technical Report supports only a Mineral Resource Estimate, the following sections 15 to 22, inclusive, have been left blank.

15. MINERAL RESERVE ESTIMATE

16. MINING METHODS

17. RECOVERY METHODS

18. PROJECT INFRASTRUCTURE

19. MARKET STUDIES AND CONTRACTS

20. ENVIRONMENTAL STUDIES, PERMITTING AND SOCIAL OR COMMUNITY IMPACT

21. CAPITAL AND OPERATING COSTS

22. ECONOMIC ANALYSIS

23. ADJACENT PROPERTIES

One of this report's QPs, Ms. Caira, has personally inspected the claim status on adjacent properties and can find no active mining claims adjacent the Cordero Property. As noted in Section 6, a review of adjacent mining claims conducted by Levon Resource Ltd. in 2009 led to reclaiming mineral concessions that had been dropped earlier by Valley High Ventures Ltd. In 2013, Levon acquired the last remaining inlying mineral concession.

The Cordero Project lies in a region that has been a major producer of silver for centuries, and that continues to host several producing mines (Figure 23.1). The region is also a hub for exploration on new mineral deposits, including three early-stage exploration projects belonging to Discovery: Puerto Rico, Minerva, and Monclova.

Figure 23.1 Operating mines near Cordero, and Discovery's early-stage exploration projects.

There are several exploration projects and producing mines nearby, to the south near Parral (Figure 5.2); but none of these is immediately adjacent to the Cordero Property. Although the mineral deposits at these other projects all have characteristics that make them unique, many of them share similarities with Cordero: either its age, deposit type, vein geometries, alteration, structural controls, or geochemistry.

24. OTHER RELEVANT DATA AND INFORMATION

The previous owner of the Cordero Project, Levon Resources Ltd., completed a preliminary economic assessment (PEA) for which it filed a 43-101 Technical Report in 2018. Levon's vision for the project was different from that of the new owner, Discovery. Levon envisioned a larger operation, with higher daily throughput operating at a lower cutoff grade. Discovery's approach to Cordero is to develop a phased operation that operates at a higher cutoff in the early years, with lower throughput, and that transitions to the zones that are lower in grade in later years. Discovery is in the process of completing a PEA that provides a preliminary assessment of the economic viability of this phased approach.

25. INTERPRETATION AND CONCLUSIONS

Introduction

The QPs note the following interpretation and conclusions in their respective areas of expertise based on a review of the data available for the Report as well as multiple site visits by Ms. Caira over the course of 2019 through to November 2021.

Mineral Tenure, Surface Rights, Water Rights, Royalties

Information from legal and Discovery Silver Corp. in-country experts support that the tenure held is valid and sufficient to support a declaration of the 2021 Mineral Resource Estimate.

The project consists of 26 titled mining concessions totaling 34,909 continuous hectares owned by Minera Titán S.A. de C.V. Mexico (Titán) a wholly-owned Mexican subsidiary of Discovery Silver Corp. (Discovery). The Mining Concessions that host the current Mineral Resource Estimate are in good standing. At the Effective Date of the Report, all required mining duties were paid.

Surface exploration rights for the Cordero claims are maintained by three separate signed and transferrable agreements between Titán, two private ranches (Rascon agreement), and Rancho Cordero Ejido (Ejido agreement). The two agreements with the private ranchers cover the central portion of the claims. The Ejido agreement covers the area within two kilometres southwest and west of the 2021 resource pit. The Rascon agreements cover the site of the Titán exploration camp including sleeping quarters, the field office, and several drill core storage buildings.

DSV has sufficient surface rights to support continued exploration and drilling including the building of access roads as needed bound by a series of Surface Access Agreements and agreed upon payment schedules.

For the San Pedro concession the "Cordilleras Contract" requires Titán to pay Cordilleras a 2% NSR Royalty. Titán can assign the obligation of payment of the royalty to a third party by written notice sent to Cordilleras. In the event that Cordilleras decides to sell its right to receive the royalty, Titán will have the right of first refusal on the same terms and conditions that Cordilleras offered to a third party.

For the Josefina, Berta, La Unidad II, and La Unidad claims the "Eloy Contract" requires Titán to pay two Concessionaires (Mr. Eloy Herrera Martínez and Cleotilde de la Rosa Ríos) a 1% NSR Royalty. In the event that the Concessionaires decide to sell their right to receive the royalty, Titán will have the right of first refusal on the same terms and conditions that the Concessionaires offered to a third party.

Geology and Mineralization

Cordero has overlapping characteristics of deposit types including an intermediate sulphidation epithermal system on the shoulder of a porphyry molybdenum system and the diverse group of carbonate-hosted Pb-Zn (Ag, Cu, Au) deposits.

A good understanding of the mineralizing system, lithologies, mineralization, and the geological, structural, and alteration controls on the mineralization is sufficient to support estimation of Mineral Resources.

There is remaining exploration potential both contiguous to the 2021 resource pit as well as along the 15km long Cordero Magmatic-Hydrothermal Belt based on regional exploration results. Surface geological mapping has identified several mineralized hydrothermal centers with similar styles of argentifeorus galena and base metal mineralization as occurs in the 2021 mineral resource area.

Exploration, Drilling, & Analytical Data Collection in Support of Resource Estimation

The exploration programs completed to are appropriate for epithermal-style and porphyry-related mineralization as well as the diverse carbonate-hosted Pb-Zn (Ag, Cu, Au) deposits.

Sampling methods are acceptable and well monitored to support Mineral resource estimation.

Sample preparation, analysis, and security were performed in accordance with exploration best practices and industry standards at the time the information was collected.

The quality and quantity of the geological data, collar, and downhole survey data collected in the exploration and in-fill drill programs are sufficient to support Mineral Resource Estimation.

No material factors were identified with the data collection from the drill programs that could significantly affect Mineral Resource estimation.

Sample preparation, and analyses were performed by independent accredited laboratories. The sample preparation, analysis, and security practices are acceptable, meet industry-standard practices at the time they were undertaken, and are sufficient to support Mineral Resource estimation.

The data verification programs concluded that the data collected from the Project adequately support the geological interpretations and the data base is of sufficient quality to support the use of the data in Mineral Resource Estimation.

Metallurgical Testwork

The metallurgical testwork to date confirms that high recoveries of Ag, Pb and Zn can be achieved for sulphide material with a conventional flotation flowsheet, and that heap leaching can achieve high recoveries of Ag and Au for oxide and transition material.

Mineral Resource Estimates

Resource estimation has benefitted from the improved geological understanding that has led to the ability to incorporate lithological and structural controls in the grade interpolation. The new mineral resource estimate is appropriate for use in a Preliminary Economic Assessment.

As drilling continues on the Cordero Project, grade estimate categories and continuity will improve with more drilling as the project moves toward its Preliminary Feasibility Study.

Risks

The following discussion of risks involves forward-looking statements that are based on reasonable expectations, informed by the recent past. Readers are cautioned that such forward-looking statements involve uncertainties and unknowns that may cause actual outcomes to differ from those implied by these forward-looking statements.

Operations

The operational risks for the exploration program at Cordero are the same as those experienced by any exploration program: permitting, access, mineral title, and personal security. During more than 12 years of active exploration on the Cordero Property, Discovery and the previous owners have been able to maintain good relationships with surface owners and the local Ejido, which has resulted in uninterrupted access agreements during this time. As long as Discovery continues to meet the obligations of its surface access agreements, applicable regulations, and existing exploration permits, no operational difficulties are anticipated.

Violence related to the drug trade, which affects most Mexican communities, is usually directed towards other members of criminal organizations. Since the beginning of the modern exploration programs in 2009, Cordero's operations have never been affected by issues related to the drug trade.

Commodity prices

The ability of mining companies to fund the advancement of their projects through exploration and development is always influenced by commodity prices. The World Bank Commodities Price Forecast for October 2021 [24] projects stable prices for each of Cordero's anticipated revenue-producing metals; the metal with the most volatile price forecast is gold, which accounts for less than 10% of Cordero's in situ value. Since the World Bank's forecasts of Ag, Au, Pb and Zn prices from 2021 to 2035 are above the prices that Discovery assumes for the Cordero Project, the company anticipates that commodity price fluctuations are not likely to create difficulties for funding the advancement of Cordero.

COVID-19 and other evolving variants

The major risk to continued exploration and drilling is disruption due to COVID-19 or to evolving variants on site or in the local communities. To reduce the likelihood of this risk occurring, the workforce will continue to be accommodated at the Project site, and isolated from the local communities. Testing is required prior to authorization to access the site and quarantine periods are enforced if applicable.

Opportunities

Exploration

There is significant upside in the potential to discover additional mineralization that may support Mineral Resource estimation. There are number of high-quality geophysical targets with the same signature as those coincident with the mineralization in the Cordero Main area where Mineral Resources have currently been estimated.

Regional surface geological mapping and sampling along the 15 km long Cordero Magmatic-Hydrothermal trend has identified several high priority targets in areas of outcrop with silver-base metals, large alteration haloes, and similar magmatic rocks to those at the resource area. Considering that Cordero has approximately 20% outcrop outside of the resource area, geophysical targeting is critical.

On-going Leapfrog 3D modeling of TerraSpec hyperspectral, petrographic, and whole rock and trace element geochemistry data continues to provide vectors to aid in drill targeting.

26. RECOMMENDATIONS

Exploration and Drilling

A four-stage approach is recommended.

- The work recommended in the first stage relates to definition drilling to the northeast of the current resource area comprising in-fill drilling and step-out drilling from the end of where Mineral Resources have been estimated, using 20 holes averaging 450 m depth, spaced between 100 to 150 m apart for a total of 9,000 metres.
- The second stage includes exploration drilling based on targets from ongoing surface geological mapping, and sampling. The higher priority targets include Dos Mil Diez, Molino de Viento, in the southwest, and Sansón northeast of La Ceniza as well as the Valle and Mesa gold targets in the north at Porfido Norte and La Perla in the south. A total of 5 to 10 holes averaging 300 m depth for 1,500 m in each target for a total of 7,500 metres in 25 holes.
- The third stage includes 3D IP surveys over Porfido Norte and the La Perla target in the south.
- The fourth stage includes a radiometric survey over those areas on the property not surveyed previously in 2010 to identify hihg potassium hydrothermal centres known to host favourable mineralization.

The Stage 1 delineation drill work program is estimated at US$ 2,000,000.

The Stage 2 exploration drill work program is estimated at US$ 1,685,000.

The Stage 3 3D IP survey work program is estimated at US$ 185,500.

The Stage 4 Radiometric survey work program is estimated at US$ 120,000.

The total cost for all four stages is approximately US$ 4,500,000, including a 15% contingency.

Several of the above work programs can be completed in conjunction with some of the other work programs.

Ongoing studies including continued Leapfrog 3D modeling of the structural corridors, lithology, alteration, mineralization as well as continued SWIR/NIR TerraSpec work, petrographic work, and lithogeochemistry work to identify areas of deleterious elements, areas of increased clay content, total sulfide content, and areas of the different carbonate species.

Contingent on the success of the drilling and geophysical surveys the drill programs should be expanded as needed.

Bulk Density Program

Following the cutoff date for drill hole data used in the mineral resource estimate, a program was initiated of measuring the density of every 2 m sample interval, using whole core. This program, whose cost is accounted for in day-to-day on-site activities, should continue since it will provide useful information that can be used to supplement the existing pulp density measurements as the project advances.

Metallurgical Characterization

1) Conduct additional comminution tests to further expansion of the comminution data base is recommended for development of a robust comminution model and grinding circuit design. This will improve future analysis of power requirements and equipment selection.
2) Optimization of concentrate regrind sizing is required. Only limited testwork was been conducted to date and specific energy consumption testwork was not included.
3) Further investigation between the impact of depressant dosages and silver recovery to the lead-silver concentrate is recommended. Operating at lower depressant dosages would likely lead to higher silver recovery to the lead-silver concentrate where payment terms are more favourable.
4) Ore sorting and/or Dense Media Separation testwork should be further undertaken to determine the response of the low-grade stockpile material to preconcentration.
5) Further expansion of the variability flotation data base is recommended and testwork on higher grade production composites is required to allow for the development of robust head grade vs. recovery models.
6) No dewatering testwork (dynamic thickener tests and concentrate filtration) has been conducted to date and is recommend as part of the studies for the PFS.
7) Additional column leach testing is required to provide more robust recovery data for the oxide/transition zones of mineralisation. Samples should include the anticipated average oxide silver and gold grades and samples near the cutoff grade and the maximum annual grades. Testing should further address the impact of crush size on recovery.
8) The use of 4 kg testwork charges for flotation testwork should be considered as standard going forward, especially for the low head grade samples.

The estimated cost of implementing all of these recommendations for further metallurgical testwork is US$ 700,000, including a 15% contingency.

Mineral Resources

1) Future resource updates should explore the use of geological logging information to assist with the separation of the structural domains into their high grade and low-grade sub-domains.
2) The impact of the low bias in Pb and Zn assays done with an aqua regia digest in 2013 and 2014 should be assessed so that it can be quantified. It is likely that the impact is very small; but as the project approaches feasibility studies, it would be useful to know the impact of this.

3) Two small crosses of closely spaced drill holes, at approximately 10 m spacing, should be drilled in one of the high-grade zones and one of the low-grade zones to improve the understanding of short-scale continuity. This will assist the analysis and interpretation of spatial continuity for future resource estimation studies and will provide useful information for planning a grade control system.
4) In-fill drilling should continue, both in areas of current Inferred resources where confidence could be improved to Indicated, and in areas of current Indicated resources where confidence could be improved to Measured. By the time the project reaches it Preliminary Feasibility Study, it is prudent to have the majority of the mineral resources in the pay-back period drilled to the level of Measured confidence.

The cost of implementing all of these recommendations related to mineral resources is estimated to be US$ 5,500,000, including a 15% contingency. The vast majority of the proposed resource drilling is for expansion of resources in the Cordero Main area, where resources are currently estimated, and for increasing the confidence of resource estimates in this area, from Inferred to Indicated, and from Indicated to Measured.

27. REFERENCES

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APPENDIX A: LIST OF MINING CONCESSIONS AT CORDERO

This appendix provides the complete list of the concessions owned by Titán that comprise the Cordero property.

	Lot Name	Title Holder	Surface	Title	Expiration	Municipality	Public Mining Registry
1.	Sansón	Titán	7,510.8325	230434	October 3, 2056.	Hidalgo del Parral, Chihuahua	Volume. 366 Page. 47 Number. 94
2.	Sansón I	Titán	950.0000	231280	August 23, 2056	Hidalgo del Parral, Chihuahua	Volume. 366 Page. 110 Number. 220
3.	Sansón II	Titán	400.0000	231281	August 23, 2056	Hidalgo del Parral, Chihuahua	Volume. 368 Page. 111 Number. 221
4.	Sansón fracc. 1	Titán	0.0763	228104	October 3, 2056	Hidalgo del Parral, Chihuahua	Volume. 359 Page. 142 Number. 285
5.	Sansón fracc. 2	Titán	0.0906	228105	October 3, 2056	Hidalgo del Parral, Chihuahua	Volume. 359 Page. 143 Number. 285
6.	Titán	Titán	1,700.0000	235089	October 8, 2059	Hidalgo del Parral, Chihuahua	Volume. 379 Page. 35 Number. 69
7.	Titán I	Titán	8,150.0000	235090	October 8, 2059	Hidalgo del Parral, Chihuahua	Volume. 379 Page. 35 Number. 70
8.	San Pedro	Titán	1.9422	215161	February 7, 2052	Hidalgo del Parral, Chihuahua	Volume. 323 Page. 151 Number. 301

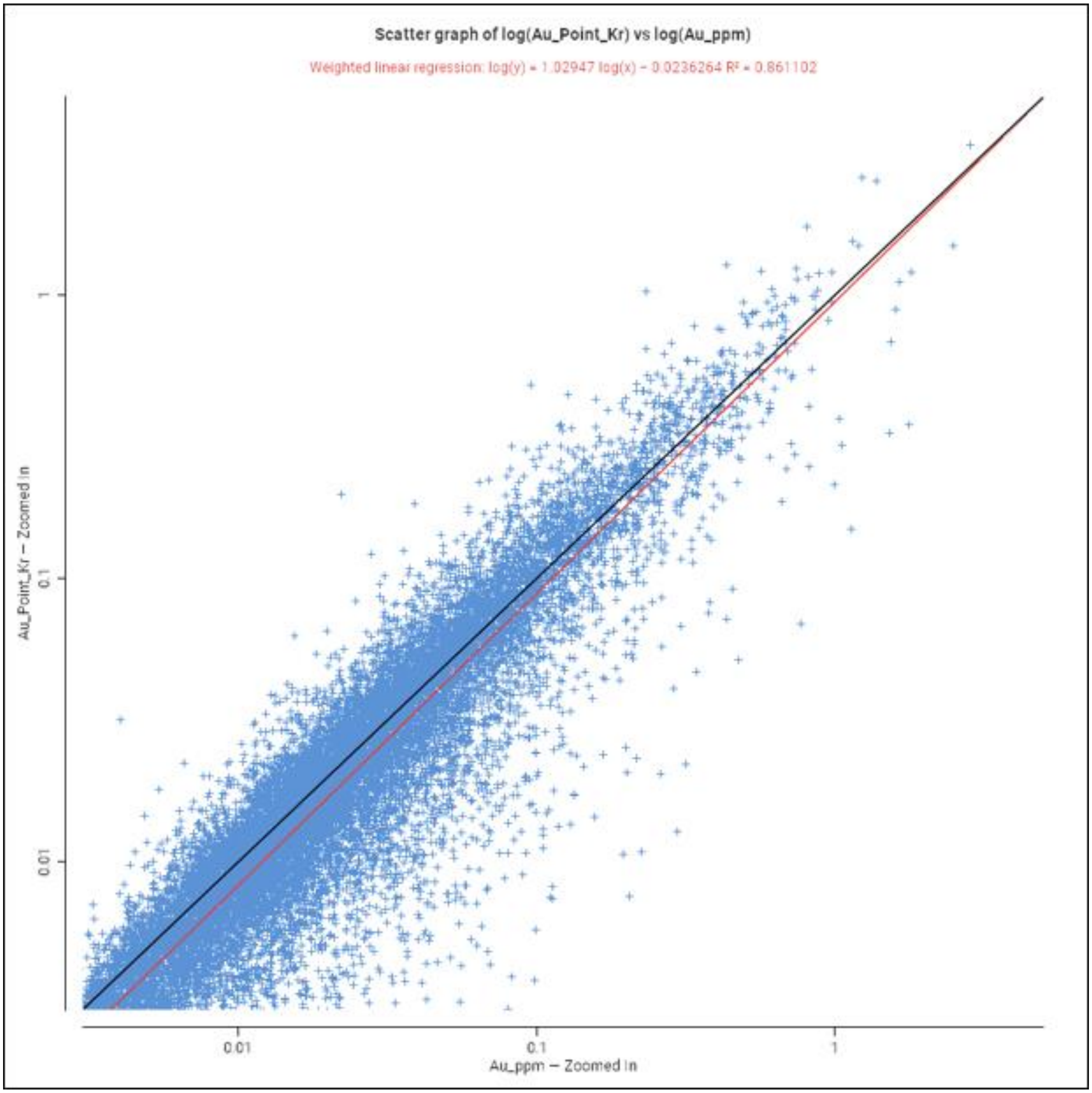
9.	San Octavio	Titán	2.0000	165481	October 29, 2029	Hidalgo del Parral, Chi-huahua	Volume. 217 Page. 136 Number. 541
10.	Unificación. Cordero	Titán	218.8683	171994	September 20,2033	Hidalgo del Parral, Chi-huahua	Volume. 227 Page. 179 Number. 714
11.	Argentina	Titán	3.9140	179438	December 8,2036	Hidalgo del Parral, Chi-huahua	Volume. 241 Page. 160 Number. 638
12.	Catas de Plateros	Titán	2.0000	177836	April 28, 2036	Hidalgo del Parral, Chi-huahua	Volume. 239 Page. 150 Number. 596
13.	Sergio	Titán	9.8172	214655	October 25, 2051	Hidalgo del Parral, Chi-huahua	Volume. 322 Page. 78 Number. 155
14.	El Santo Job	Titán	155.5708	213841	July 2, 2051	Hidalgo del Parral, Chi-huahua	Volume. 320 Page. 31 Number. 61
15.	Todos Santos	Titán	2.5040	238776	October 25, 2061	Hidalgo del Parral, Chi-huahua	Volume. 389 Page. 78 Number. 156
16.	Josefina	Titán	6.0750	172145	September 25,2033	Hidalgo del Parral, Chi-huahua	Volume. 231 Page. 7 Number. 25
17.	Berta	Titán	16.5338	182264	May 30, 2038	Hidalgo del Parral, Chi-huahua	Volume. 247 Page. 132

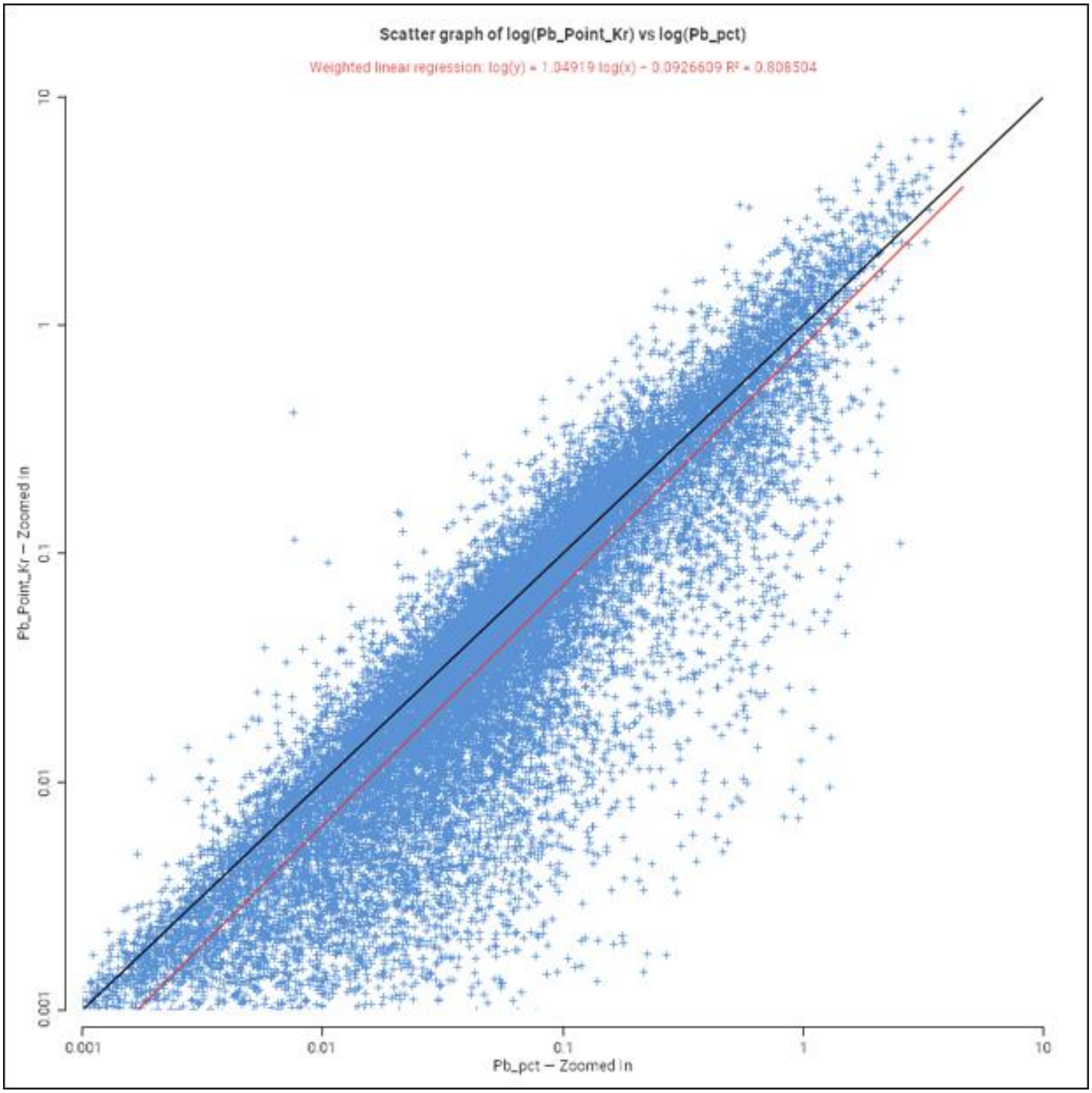
							Number. 524
18.	La Unidad dos	Titán	175.7555	212981	February 19, 2051	Hidalgo del Parral, Chihuahua	Volume. 317 Page. 141 Number. 281
19.	La Unidad	Titán	78.2960	178498	August 8, 2036	Hidalgo del Parral, Chihuahua	Volume. 242 Page. 40 Number. 158
20.	Perla	Titán	400.0000	240461	May 30, 2062	Hidalgo del Parral, Chihuahua	Volume. 394 Page. 21 Number. 41
21.	Titan II	Titán	100.0000	241084	November 21, 2062	Hidalgo del Parral, Chihuahua	Volume. 395 Page. 152 Number. 304
22.	Aida	Titán	16.0000	189299	December 4, 2040	Hidalgo del Parral, Chihuahua	Volume. 260 Page. 61 Number. 239
23.	Oeste	Titán	3,695.0294	244605	November 3, 2065	Hidalgo del Parral, Chihuahua	Volume. 405 Page. 113. Number. 225
24.	Signos	Titán	3,756.6168	244600	November 3, 2065	Hidalgo del Parral, Chihuahua	Volume. 405 Page. 110 Number. 220
25.	Volcán	Titán	3,757.1525	246016	December 19, 2067	Hidalgo del Parral, Chihuahua	Volume. 409 Page. 98 Number. 196
26.	Ostra	Titán	3,799.7592	246305	April 19. 2068	Hidalgo del Parral, Chihuahua	Volume. 410 Page. 63

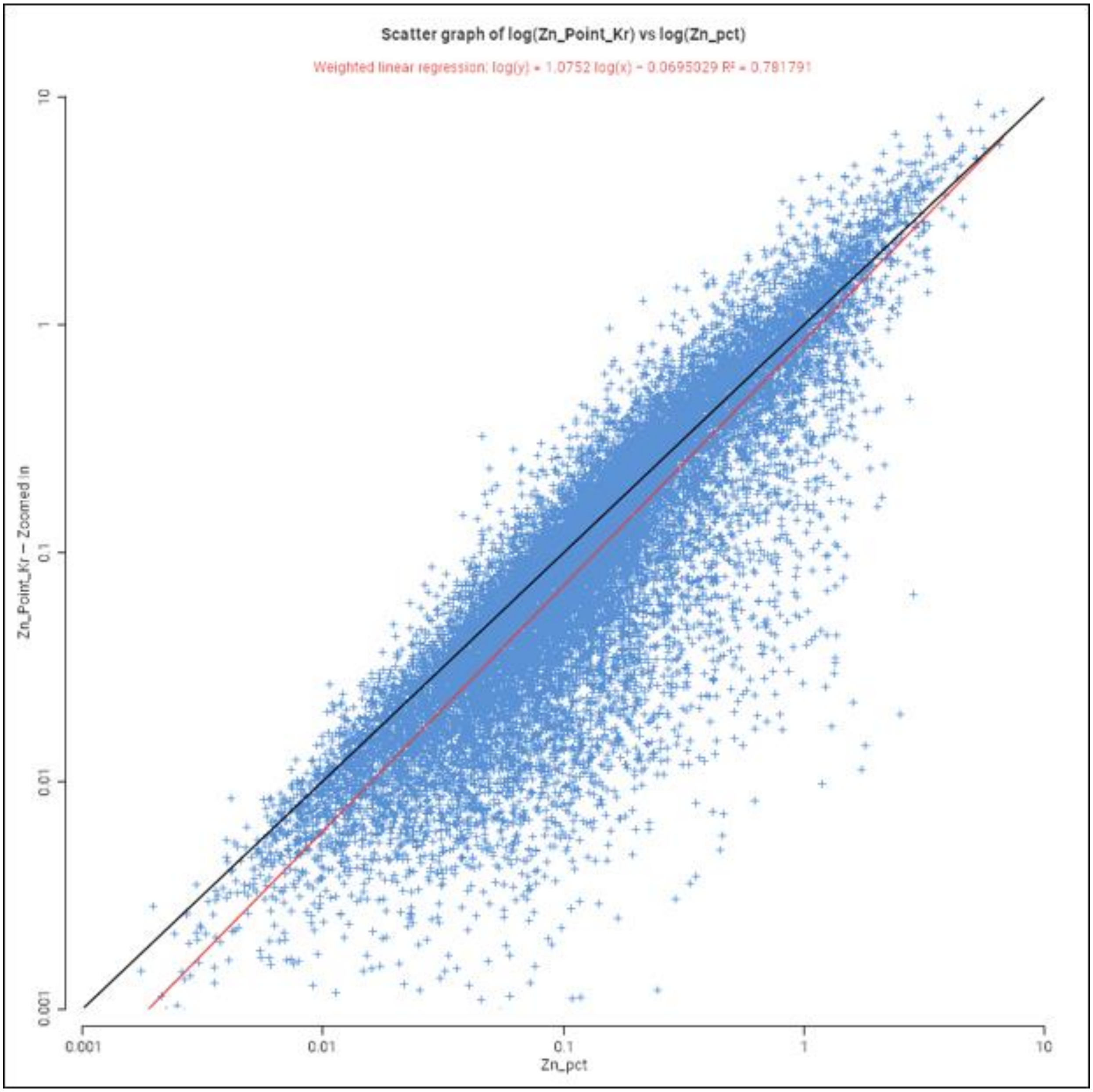
							Number. 125

APPENDIX B: VALIDATION GRAPHS FOR AU, PB AND ZN

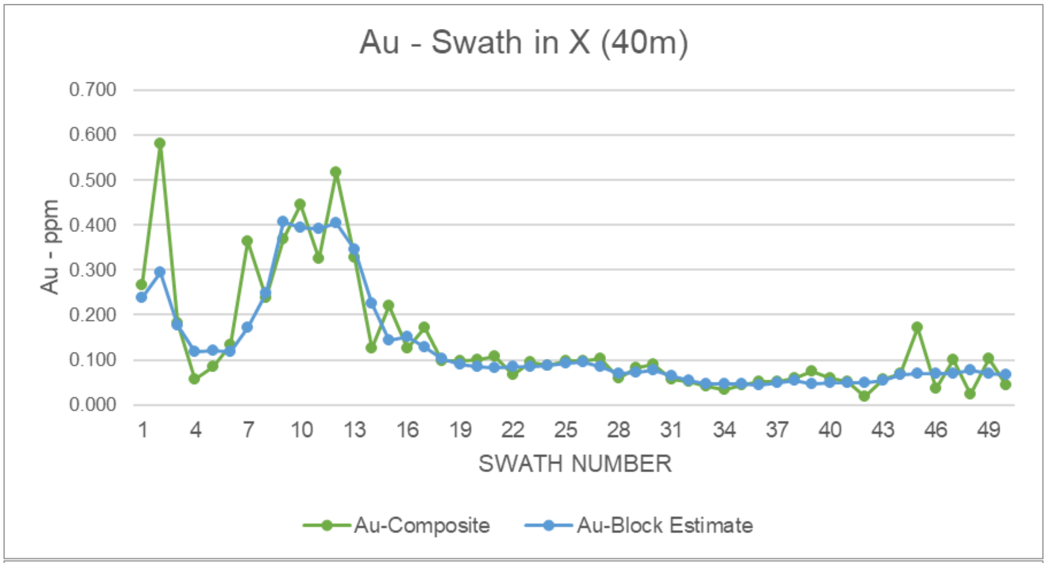
The main body of the report provide examples of the graphs that support the validation checks for the primary metal, silver: the scatterplots of drill hole data versus block estimates and the swath plots. This appendix provides the corresponding graphs for the other metals: gold, lead and zinc.

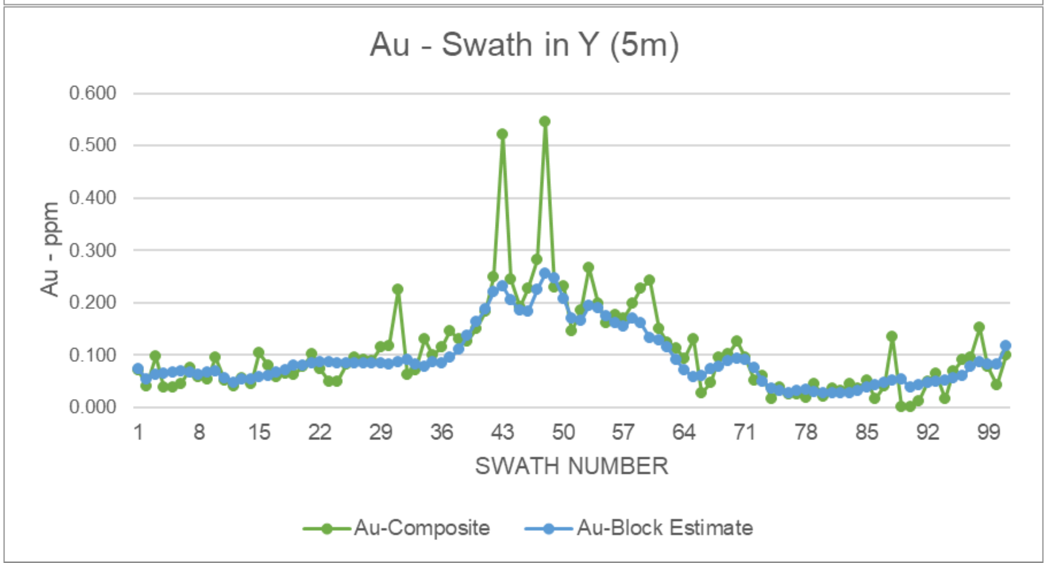

Scatter graph of log(Au_Point_Kr) vs log(Au_ppm)
Weighted linear regression: log(y) = 1.02947 log(x) − 0.0236264 R² = 0.861102
Au_Point_Kr − Zoomed In
0.01
0.1
1
Au_ppm − Zoomed In

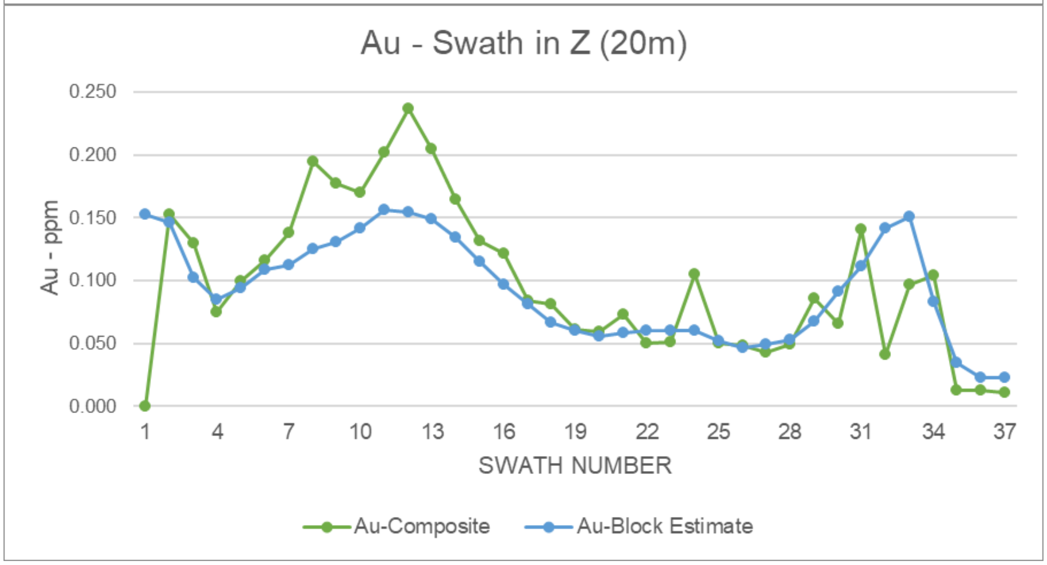

Scatter graph of log(Pb_Point_Kr) vs log(Pb_pct)
Weighted linear regression: log(y) = 1.04919 log(x) − 0.0926609 R² = 0.808504
Pb_Point_Kr − Zoomed in
Pb_pct − Zoomed in
0.001
0.01
0.1
1
10

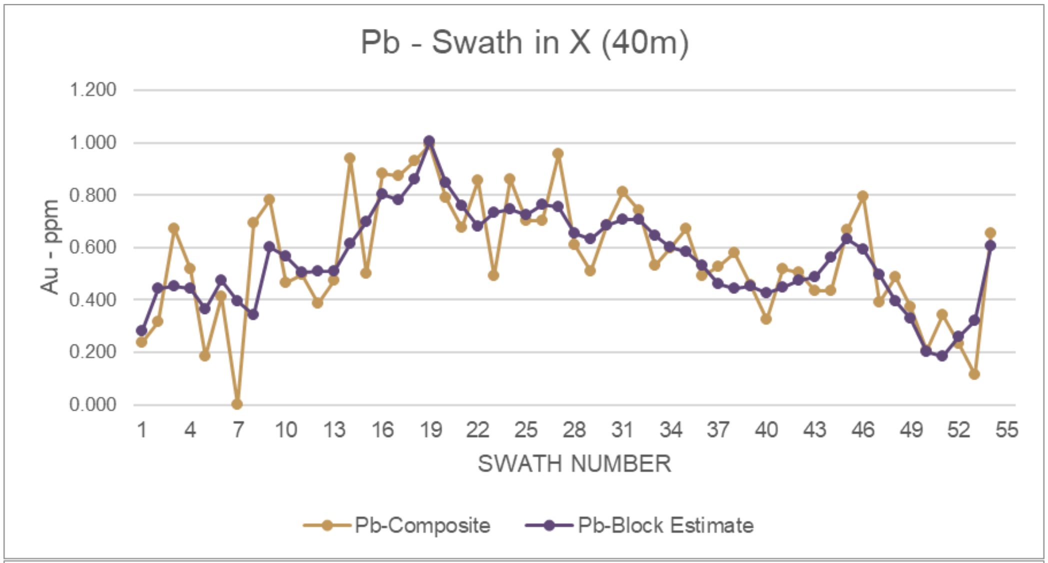


Scatter graph of log(Zn_Point_Kr) vs log(Zn_pct)
Weighted linear regression: log(y) = 1.0752 log(x) - 0.0695029 R² = 0.781791
Zn_Point_Kr – Zoomed in
Zn_pct
0.001
0.01
0.1
1
10


Au - Swath in X (40m)
Au - ppm
0.700
0.600
0.500
0.400
0.300
0.200
0.100
0.000
1 4 7 10 13 16 19 22 25 28 31 34 37 40 43 46 49
SWATH NUMBER
Au-Composite
Au-Block Estimate


Au - Swath in Y (5m)
Au - ppm
0.600
0.500
0.400
0.300
0.200
0.100
0.000
1 8 15 22 29 36 43 50 57 64 71 78 85 92 99
SWATH NUMBER
Au-Composite
Au-Block Estimate


Au - Swath in Z (20m)
Au - ppm
0.250
0.200
0.150
0.100
0.050
0.000
1 4 7 10 13 16 19 22 25 28 31 34 37
SWATH NUMBER
Au-Composite
Au-Block Estimate


Pb - Swath in X (40m)
Au - ppm
1.200
1.000
0.800
0.600
0.400
0.200
0.000
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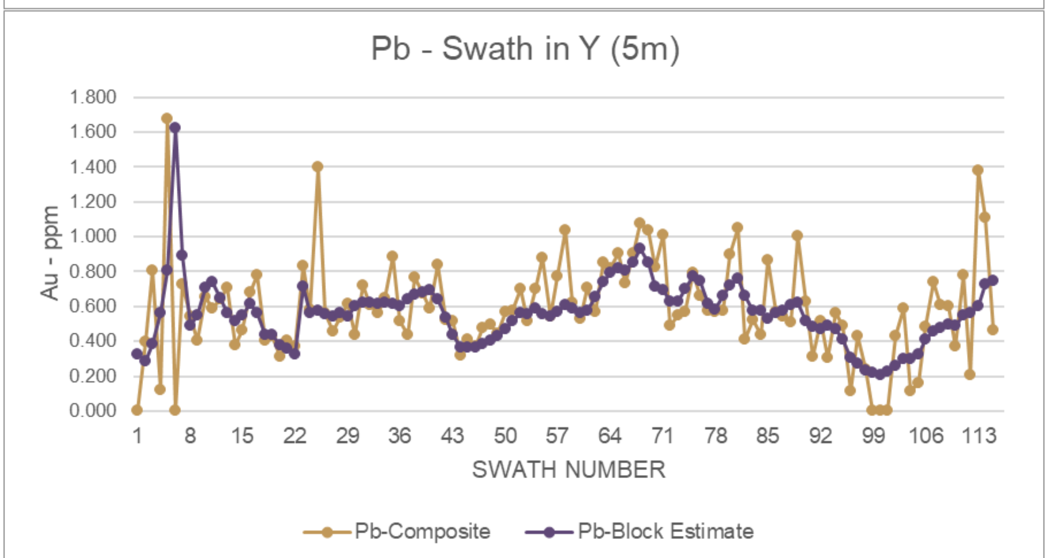
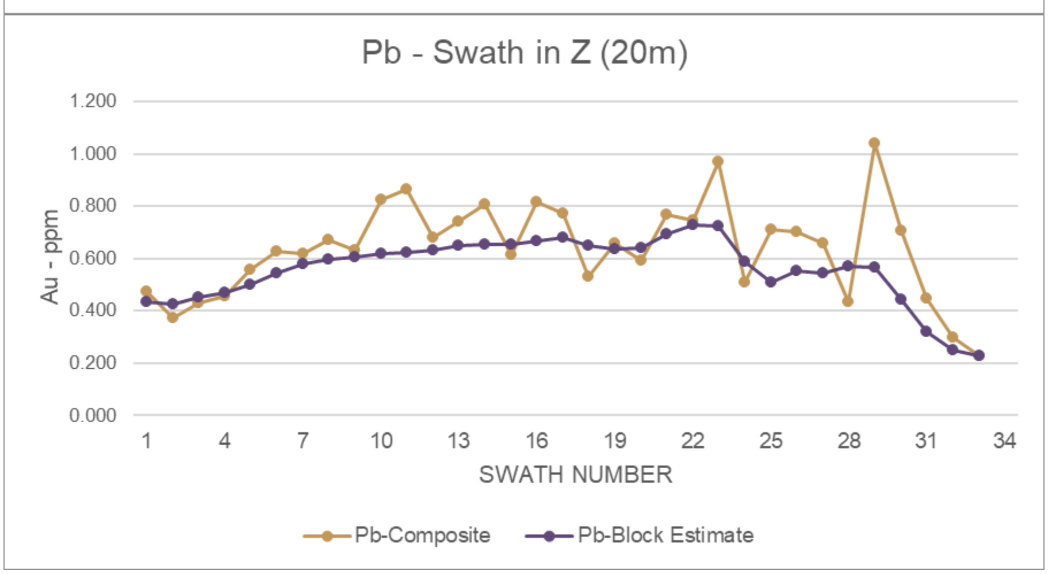
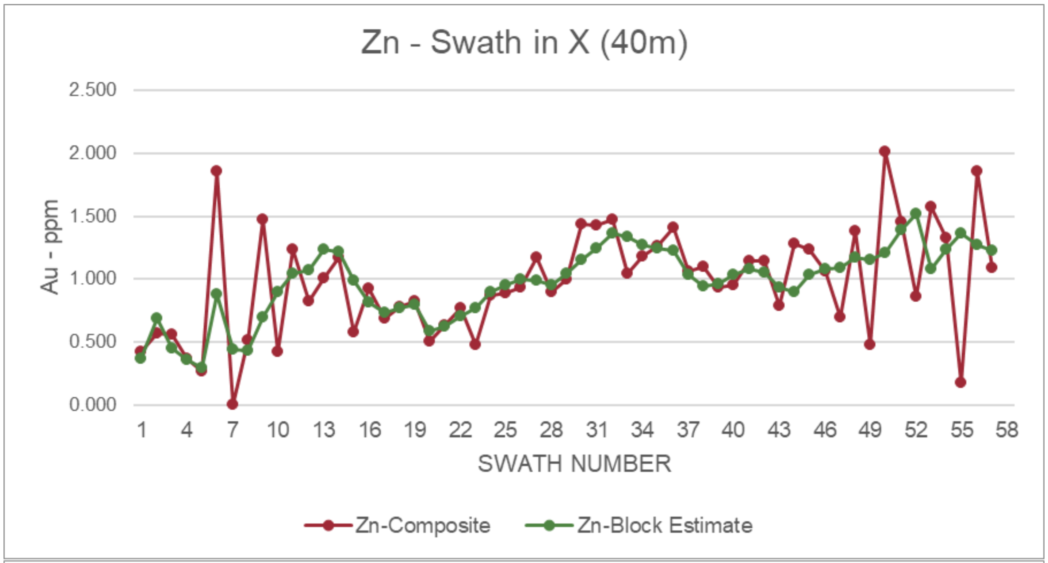
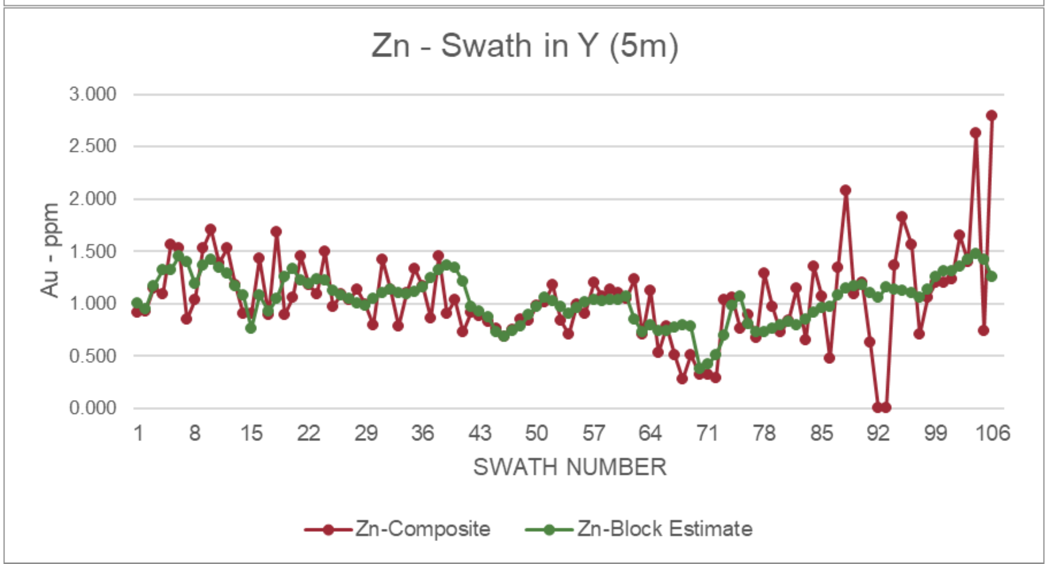
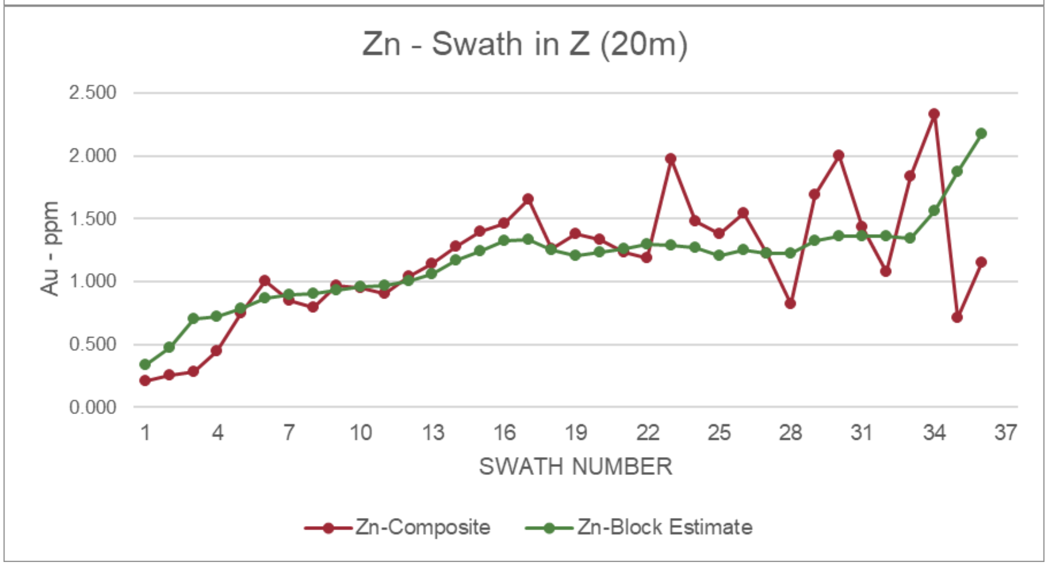
SWATH NUMBER
Pb-Composite
Pb-Block Estimate


Pb - Swath in Y (5m)
Au - ppm
1.800
1.600
1.400
1.200
1.000
0.800
0.600
0.400
0.200
0.000
1 8 15 22 29 36 43 50 57 64 71 78 85 92 99 106 113
SWATH NUMBER
Pb-Composite
Pb-Block Estimate


Pb - Swath in Z (20m)
Au - ppm
1.200
1.000
0.800
0.600
0.400
0.200
0.000
1 4 7 10 13 16 19 22 25 28 31 34
SWATH NUMBER
Pb-Composite
Pb-Block Estimate


Zn - Swath in X (40m)
Au - ppm
2.500
2.000
1.500
1.000
0.500
0.000
1 4 7 10 13 16 19 22 25 28 31 34 37 40 43 46 49 52 55 58
SWATH NUMBER
Zn-Composite
Zn-Block Estimate


Zn - Swath in Y (5m)
Au - ppm
3.000
2.500
2.000
1.500
1.000
0.500
0.000
1 8 15 22 29 36 43 50 57 64 71 78 85 92 99 106
SWATH NUMBER
Zn-Composite
Zn-Block Estimate


Zn - Swath in Z (20m)
Au - ppm
2.500
2.000
1.500
1.000
0.500
0.000
1 4 7 10 13 16 19 22 25 28 31 34 37
SWATH NUMBER
Zn-Composite
Zn-Block Estimate