



UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2025 and 2024

(expressed in Canadian dollars)

Discovery Silver Corp.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Unaudited - (Expressed in Canadian dollars, except where otherwise noted)

As at	Notes	March 31, 2025	December 31, 2024
ASSETS			
Current			
Cash and cash equivalents	6	\$ 15,115,274	\$ 29,310,579
Sales tax and other receivables	7	3,580,729	3,201,221
Prepays and deposits		300,780	279,481
Investments		193,468	213,147
		19,190,251	33,004,428
Non-current			
Property and Equipment	8	3,827,659	2,775,518
Value-added taxes receivable	7	2,205,777	2,153,568
Mineral properties	9	90,249,274	84,949,272
TOTAL ASSETS		\$ 115,472,961	\$ 122,882,786
LIABILITIES			
Current			
Accounts payable and accrued liabilities	10	\$ 7,736,045	\$ 8,359,638
Current portion of lease liabilities	11	241,483	247,674
		\$ 7,977,528	\$ 8,607,312
Non-current			
Other long-term liabilities		1,095,335	1,069,448
Lease liabilities	11	1,101,475	1,217,813
TOTAL LIABILITIES		\$ 10,174,338	\$ 10,894,573
SHAREHOLDERS' EQUITY			
Share capital	12(b)	\$ 222,420,403	\$ 220,211,128
Contributed surplus		44,298,090	44,801,220
Warrants	12(e)	17,525,093	17,525,093
Accumulated other comprehensive loss		(435,707)	(1,297,473)
Accumulated deficit		(178,509,256)	(169,251,755)
TOTAL EQUITY		\$ 105,298,623	\$ 111,988,213
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 115,472,961	\$ 122,882,786

Approved on Behalf of the Board on May 13, 2025:

“Jeff Parr”
 Jeff Parr – Director

“Murray John”
 Murray John – Director

Discovery Silver Corp.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF (INCOME) LOSS AND TOTAL
COMPREHENSIVE INCOME

Unaudited - (Expressed in Canadian dollars, except per share and share information)

	Notes	Three Months Ended	
		March 31, 2025	March 31, 2024
Expenses (income)			
General office and other expenses	14	\$ 7,222,564	\$ 1,941,475
Interest income		(216,656)	(699,881)
Interest expense		180,391	3,974
Professional fees	15	662,532	504,024
Exploration and project evaluation expenses	13	5,170	153,447
Share-based compensation	12(b)	1,673,645	881,496
Gain on fair value remeasurement of investments		(87,633)	(127,441)
Foreign exchange gain		(182,512)	(1,976,289)
Net loss		\$ 9,257,501	\$ 680,805
Other comprehensive loss (income)		\$ (861,766)	\$ (1,798,885)
Total comprehensive loss (income)		\$ 8,395,735	\$ (1,118,080)
Weighted average shares outstanding			
Basic	12(b)	401,122,298	395,973,316
Diluted		411,049,173	397,569,644
Net loss per share			
Basic and diluted		\$ (0.02)	\$ (0.00)

Discovery Silver Corp.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited - (Expressed in Canadian dollars, except where otherwise noted)

	Notes	Three Months Ended	
		March 31, 2025	March 31, 2024
Operating Activities			
Net loss		\$ (9,257,501)	\$ (680,805)
Items not affecting cash:			
Depreciation		82,672	165,302
Accretion		20,327	-
Share-based compensation	12(b)	1,673,645	881,496
Gain on fair value remeasurement		(87,633)	(127,441)
Unrealized foreign exchange gain		359,073	(1,786,554)
Changes in non-cash operating working capital:			
Sales tax and other receivables	7	(451,451)	(772,964)
Prepays and deposits		86,014	41,586
Accounts payable and accrued liabilities	10	(1,144,303)	(1,055,360)
Net cash used in operating activities		\$ (8,719,157)	\$ (3,334,740)
Investing Activities			
Acquisition of property and equipment	8	(1,094,815)	(130,153)
Disposals of property and equipment	8	-	7,021
Acquisition of mineral properties	9	(4,311,036)	(4,330,418)
Net cash used in investing activities		\$ (5,405,851)	\$ (4,453,550)
Financing Activities			
Issuance of shares on exercise of options	12(c)	32,500	-
Principal payment on lease liability	11	(122,533)	(23,921)
Net cash used in financing activities		\$ (90,033)	\$ (23,921)
Effect of exchange rates on cash and cash equivalents		19,733	(427,371)
Decrease in cash and cash equivalents		(14,195,305)	(8,239,582)
Cash and cash equivalents, beginning of period	6	29,310,579	58,944,462
Cash and cash equivalents, end of period	6	\$ 15,115,274	\$ 50,704,880
Supplemental Cash Flow Information:			
Income tax expense paid		\$ -	\$ -
Interest paid		\$ -	\$ -

Discovery Silver Corp.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
Unaudited - (Expressed in Canadian dollars, except where otherwise noted)

	Notes	Number of Common Shares	Share Capital	Warrants	Contributed Surplus	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Equity
At January 1, 2025		400,461,244	\$ 220,211,128	\$ 17,525,093	\$ 44,801,220	\$ (1,297,473)	\$ (169,251,755)	\$ 111,988,213
Share-based compensation	12b	-	-	-	1,673,645	-	-	1,673,645
Shares issued on exercise of options	12c	50,000	57,946	-	(25,446)	-	-	32,500
Shares issued on exercise of RSU's	12d	1,837,129	2,151,329	-	(2,151,329)	-	-	-
Net loss and total comprehensive loss for the year		-	-	-	-	861,766	(9,257,501)	(8,395,735)
At March 31, 2025		402,348,373	\$ 222,420,403	\$ 17,525,093	\$ 44,298,090	\$ (435,707)	\$ (178,509,256)	\$ 105,298,623

	Note	Number of Common Shares	Share Capital	Warrants	Contributed Surplus	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Equity
At January 1, 2024		395,862,249	\$ 216,194,163	\$ 17,525,093	\$ 42,660,494	\$ 1,397,720	\$ (148,356,364)	\$ 129,421,106
Share-based compensation	12	-	-	-	881,496	-	-	881,496
Shares issued on redemption of RSUs	12d	777,466	1,104,002	-	(1,104,002)	-	-	-
Net loss and total comprehensive income for the period		-	-	-	-	1,798,885	(680,805)	1,118,080
At March 31, 2024		396,639,715	\$ 217,298,165	\$ 17,525,093	\$ 42,437,988	\$ 3,196,605	\$ (149,037,169)	\$ 131,420,682

Discovery Silver Corp.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
Unaudited - (Expressed in Canadian dollars, except where otherwise noted)
For the Three Months Ended March 31, 2025 and 2024

1. DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS

Discovery Silver Corp. (“Discovery Silver” or the “Company”) is principally engaged in the acquisition, exploration and development of mineral properties, with a focus on advancing assets capable of supporting profitable operations and generating attractive returns for all stakeholders. The Company has exposure to silver through its current primary asset, the Cordero Project in Chihuahua, Mexico, a large-scale, silver-dominant polymetallic deposit with the potential to become one of the world’s largest silver producers over a long mine life. On January 27, 2025, the Company announced a definitive agreement to acquire 100% of Newmont Corporation’s interest in the Porcupine Complex (“Porcupine” or the “Complex”) in and near Timmins, Ontario, Canada and on April 15, 2025, the acquisition closed. (Note 21). Through the addition of Porcupine, the Company will become a Canadian-based gold producer, with multiple operating mines, in a historic gold camp. The Company is focusing on integrating the operations, growing production, enhancing efficiency, and advancing numerous exploration opportunities within the Complex.

The Company was incorporated on October 10, 1986 under the laws of British Columbia and on June 13, 2017, the Company’s name was changed to Discovery Metals Corp. On April 14, 2021, the Company’s name was changed to Discovery Silver Corp. The Company is listed on the Toronto Stock Exchange (the “Exchange” or “TSX”) under the symbol “DSV”, and on the Frankfurt Stock Exchange under the symbol “1CU0”. The Company’s head office is located at Suite 701 - 55 University Avenue, Toronto, Ontario, M5J 2H7.

The Company’s Board of Directors authorized the issuance of these unaudited condensed interim consolidated financial statements as at and for the three months ended March 31, 2025 and 2024 (the “Interim Financial Statements”) on May 13, 2025.

2. BASIS OF PREPARATION

These Interim Financial Statements for the three months ended March 31, 2025, and 2024, have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”). As such, certain disclosures required by IFRS Accounting Standards have been condensed or omitted. These Interim Financial Statements should be read in conjunction with the Company’s audited consolidated financial statements and the notes thereto as at and for the years ended December 31, 2024 and 2023 (the “Consolidated Financial Statements”). The Company’s interim results are not necessarily indicative of its results for a full year.

These Interim Financial Statements have been prepared on a going concern basis which contemplates the realization of assets and discharge of all liabilities in the normal course of business. The Company has, to date, relied on cash received from share issuances in order to fund its exploration and other business objectives. At March 31, 2025, the Company had working capital (defined as current assets less current liabilities) of \$ 11,212,723 (December 31, 2024 – \$24,397,116), shareholders’ equity of \$105,298,623 (December 31, 2024 – \$111,988,213) and an accumulated deficit of \$178,509,256 (December 31, 2024 – \$169,251,755).

Discovery Silver Corp.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Unaudited - (Expressed in Canadian dollars, except where otherwise noted)
For the Three Months Ended March 31, 2025 and 2024

3. MATERIAL ACCOUNTING POLICIES

These Interim Financial Statements have been prepared using the same accounting policies and methods of application as those disclosed in note 3 to the Company's Consolidated Financial Statements as at and for the years ended December 31, 2024 and 2023.

a) Basis of Consolidation

The interim financial statements are presented in Canadian dollars ("CAD") unless otherwise noted. The interim financial statements include the accounts of the Company and its wholly owned subsidiaries.

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The interim financial statements include all the assets, liabilities, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions. The interim financial statements include the financial condition and results of operations of the Company and its subsidiaries as outlined below.

The Company's principal subsidiaries and its geographic locations are as follows:

Direct Parent Company	Location	Ownership Percentage	Properties
Minera Titán S.A. de C.V.	Mexico	100%	Cordero
Dome Mine Ltd. ⁽¹⁾	Canada	100%	Porcupine Complex

(1) Acquisition effective April 15, 2025 (note 21)

All intercompany assets, liabilities, equity, income, expenses, and cash flows arising from intercompany transactions have been eliminated on consolidation.

b) Currency of Presentation

The Consolidated Financial Statements are presented in Canadian dollars which is the functional and presentation currency of the Company. The functional currency for the entities through which the Company conducts its operations is determined depending upon the primary economic environment in which they operate. The functional currency of the Mexican subsidiaries is the Mexican peso ("MXP"). As a result of the acquisition of the Porcupine Complex, the Company is currently evaluating a change in functional and presentation currency to USD.

c) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that

Discovery Silver Corp.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Unaudited - (Expressed in Canadian dollars, except where otherwise noted)
For the Three Months Ended March 31, 2025 and 2024

date. Non-monetary items that are measured in terms of historical cost in foreign currencies are not re-translated. Total foreign exchange gains and losses are recognized in the condensed interim statements of loss and the unrealized portion is reported separately in the condensed interim consolidated statement of cash flows. The foreign exchange differences arising from the translation of the subsidiary with functional currency different than the consolidated functional currency are recognized as currency translation adjustments in other comprehensive income in the condensed interim consolidated statement of (income) loss and total comprehensive income.

d) Mineral properties and equipment

On initial acquisition, mineral properties and equipment are valued at cost, being the purchase price and the directly attributable costs of acquisition. The Company capitalizes cash and share-based payments made to acquire mineral properties. Land is stated at cost less any impairment in value and is not depreciated. Exploration and evaluation costs are capitalized if a pre-feasibility study demonstrates that future economic benefits are probable. Upon disposal or abandonment, the carrying amount of mineral properties are derecognized and any associated gains or losses are recognized in profit and loss.

i. Depreciation

Depreciation is recognized in earnings or loss on a straight-line basis over the estimated useful lives of each part of an item (component), since this most closely reflects the expected pattern of consumption of economic benefits embodied in the asset. The estimated useful lives for assets and components that are depreciated on a straight-line basis range from three to 10 years.

Depreciated assets	Useful Life
Computer equipment and software	3 years
Vehicles	4 years
Office equipment and furniture	5 to 10 years
Buildings and machinery	5 to 10 years

ii. Impairment

The carrying values of mineral properties are reviewed each reporting period or upon the occurrence of events or changes in circumstances indicating that the carrying values of assets may not be recoverable. If any such indicator exists, then an impairment test is performed by management. Indicators of impairment may include (i) the period during which the entity has the right to explore in the specific area has expired during the year or will expire in the near future; (ii) substantive expenditure on further exploration for and evaluation of mineral reserves and resources in the specific area is neither budgeted nor planned; (iii) sufficient data exists to support that extracting the reserves and resources will not be technically feasible or commercially viable based on technical studies or desktop studies; and (iv) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed

Discovery Silver Corp.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Unaudited - (Expressed in Canadian dollars, except where otherwise noted)
For the Three Months Ended March 31, 2025 and 2024

the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior periods. A reversal of an impairment loss is recognized immediately in earnings or loss.

Where an item of mineral properties and equipment is disposed of, it is derecognized and the difference between its' carrying value and net sales proceeds is disclosed as earnings or loss on disposal in the consolidated financial statements of operations and total comprehensive loss. Any items of mineral properties and equipment that cease to have future economic benefits are derecognized with any gain or loss included in the financial year in which the item is derecognized.

e) Exploration and evaluation assets

Exploration and evaluation expenditures are comprised of costs that are directly attributable to: researching and analyzing existing exploration data, conducting geological studies, exploratory drilling and sampling, examining and testing extraction and treatment methods, and compiling economic studies. Exploration expenditures are costs incurred in the search for resources suitable for commercial exploitation. Evaluation expenditures are costs incurred in determining the technical feasibility and commercial viability of a mineral resource. Exploration and evaluation expenditures are capitalized when there is a high degree of confidence in the project's viability and thus it is probable that future economic benefits will flow to the Company. When a project is considered to no longer have commercially viable prospects for the Company, exploration and evaluation costs in respect of that property are assessed as impaired and written off to the statement of loss and total comprehensive loss. The Company also assesses mineral property costs for impairment when other facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

4. ACCOUNTING PRONOUNCEMENTS

Adoption of New Accounting Standards

There were no new standards, or amendments to standards and interpretations adopted by the Company, effective January 1, 2025.

Future Accounting Standards and Interpretations

Classification and Measurement of Financial Instruments (Amendment to IFRS 9 and IFRS 7)

The amendments clarify that financial assets and financial liabilities are recognized and derecognized at settlement date except for regular way purchases or sales of financial assets and financial liabilities meeting conditions for a new exception. The new exception permits companies to elect to derecognize certain financial liabilities settled via electronic payment systems earlier than the settlement date.

They also provide guidelines to assess contractual cash flow characteristics of financial assets, which apply to all contingent cash flows, including those arising from environmental, social, and governance

Discovery Silver Corp.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Unaudited - (Expressed in Canadian dollars, except where otherwise noted)
For the Three Months Ended March 31, 2025 and 2024

ESG linked features. Additionally, these amendments introduce new disclosure requirements and update others.

This amendment is effective for annual periods beginning on or after January 1, 2026. The impact of these amendments on the Company's financial statements has not yet been evaluated.

Presentation and Disclosure in Financial Statements ("IFRS 18")

IFRS 18 replaces IAS 1 – Presentation of Financial Statements, which sets out presentation and base disclosure requirements for financial statements. The changes, which mostly affect the income statement, include the requirement to classify income and expenses into three new categories – operating, investing and financing – and present subtotals for operating profit or loss and profit or loss before financing and income taxes.

Further, operating expenses are presented directly on the face of the income statement – classified either by nature (e.g. employee compensation), by function (e.g. cost of sales) or using a mixed presentation. Expenses presented by function require more detailed disclosures about their nature.

IFRS 18 also provides enhanced guidance for aggregation and disaggregation of information in the financial statements, introduces new disclosure requirements for management-defined performance measures ("MPMs") and eliminates classification options for interest and dividends in the statement of cash flows. Non-GAAP measures that meet the definition of MPMs will be subject to the disclosure requirements

This amendment is effective for annual periods beginning on or after January 1, 2027. The impact of these amendments on the Company's financial statements has not yet been evaluated.

5. CRITICAL JUDGMENTS AND ESTIMATES IN APPLYING ACCOUNTING POLICIES

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires management to make judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, contingent liabilities, income and expenses. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and applied prospectively.

Information about critical judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in the interim financial statements for the three months ended March 31, 2025, are consistent with those applied and disclosed in note 5 of the Consolidated Financial Statements for the years ended December 31, 2024 and 2023. The Company's interim results are not necessarily indicative of its results for a full year.

Discovery Silver Corp.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Unaudited - (Expressed in Canadian dollars, except where otherwise noted)
For the Three Months Ended March 31, 2025 and 2024

6. CASH AND CASH EQUIVALENTS

	March 31, 2025	December 31, 2024
Cash	\$ 14,765,274	\$ 28,960,579
Cash equivalents	350,000	350,000
	\$ 15,115,274	\$ 29,310,579

Cash equivalents include marketable securities with short-term maturities of three months or less at inception and no restrictions on redemption.

7. SALES TAX AND OTHER RECEIVABLES

	March 31, 2025	December 31, 2024
Sales and value-added tax receivable (a)	\$ 5,731,358	\$ 5,271,893
Other receivables	55,148	82,896
	\$ 5,786,506	\$ 5,354,789

The Company pays sales in Canada (“HST”) and its Mexican subsidiaries pay value-added tax, Impuesto al Valor Agregado (“IVA”) on the purchase of goods and services. Both HST and IVA paid is recoverable but subject to review and assessment by the respective tax authorities - Canada Revenue Agency (“CRA”) and the Mexican tax authority (“SAT”). The complex application process and detailed review by SAT in Mexico can impact the collectability and timing of refunds.

a) Current and non-current value-added tax receivables

The Company has classified 100% of the HST receivable balance of \$750,931 as a current asset as amounts are refunded by the CRA within twelve months following the return being filed. The Company exercises judgement in classifying the current and non-current portions of the IVA receivable balance however, the timing of refunds can vary based on SAT’s review process. IVA which is estimated to be collected within the next twelve months is recorded as a current receivable while IVA expected to be collective beyond twelve months is classified as a non-current receivable. The Company has recorded \$2,774,650 as the current portion of the IVA receivable, and \$2,205,777 as a non-current receivable.

Discovery Silver Corp.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Unaudited - (Expressed in Canadian dollars, except where otherwise noted)
For the Three Months Ended March 31, 2025 and 2024

8. PROPERTY AND EQUIPMENT

	Equipment	Vehicles	Office, Furniture & Other	Computer	Total
Cost					
Balance at January 1, 2025	\$ 1,136,897	\$ 412,419	\$ 2,485,101	\$ 346,622	\$ 4,381,039
Additions	4,072	-	1,056,000	34,743	1,094,815
Disposals	-	-	-	-	-
Currency translation adjustment	18,209	4,765	28,127	2,756	53,857
Balance at March 31, 2025	\$ 1,159,178	\$ 417,184	\$ 3,569,228	\$ 384,121	\$ 5,529,711
Accumulated depreciation					
Balance at January 1, 2025	\$ (413,416)	\$ (389,981)	\$ (489,846)	\$ (312,278)	\$ (1,605,521)
Additions	(18,803)	(8,315)	(48,769)	(6,786)	(82,673)
Currency translation adjustment	(11,115)	(4,476)	4,704	(2,971)	(13,858)
Balance at March 31, 2025	\$ (443,334)	\$ (402,772)	\$ (533,911)	\$ (322,035)	\$ (1,702,052)
Carrying amount					
At January 1, 2025	\$ 723,481	\$ 22,438	\$ 1,995,255	\$ 34,344	\$ 2,775,518
At March 31, 2025	\$ 715,844	\$ 14,412	\$ 3,035,317	\$ 62,086	\$ 3,827,659
Cost					
	Equipment	Vehicles	Office, Furniture & Other	Computer	Total
Balance at January 1, 2024	\$ 1,255,535	\$ 427,535	\$ 759,733	\$ 358,330	\$ 2,801,133
Additions	83,084	38,923	1,744,794	19,553	1,886,354
Disposals	-	-	(7,021)	-	(7,021)
Currency translation adjustment	(201,722)	(54,039)	(12,405)	(31,261)	(299,427)
Balance at December 31, 2024	\$ 1,136,897	\$ 412,419	\$ 2,485,101	\$ 346,622	\$ 4,381,039
Accumulated depreciation					
Balance at January 1, 2024	\$ (336,448)	\$ (332,853)	\$ (343,261)	\$ (277,125)	\$ (1,289,687)
Additions	(89,410)	(70,282)	(178,730)	(40,639)	(379,061)
Currency translation adjustment	12,442	13,154	32,145	5,486	63,227
Balance at December 31, 2024	\$ (413,416)	\$ (389,981)	\$ (489,846)	\$ (312,278)	\$ (1,605,521)
Carrying amount					
	Equipment	Vehicles	Office, Furniture & Other	Computer	Total
At January 1, 2024	\$ 919,087	\$ 94,682	\$ 416,472	\$ 81,205	\$ 1,511,446
At December 31, 2024	\$ 723,481	\$ 22,438	\$ 1,995,255	\$ 34,344	\$ 2,775,518

Discovery Silver Corp.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 Unaudited - (Expressed in Canadian dollars, except where otherwise noted)
 For the Three Months Ended March 31, 2025 and 2024

The Company following table summarizes the changes in right-of-use assets within plant and equipment:

Leased assets	Total
At January 1, 2024	\$ 388,833
ROU Additions	1,737,604
Depreciation	(144,774)
At December 31, 2024	\$ 1,981,663
ROU Additions	1,056,000
Depreciation	(14,707)
At March 31, 2025	\$ 3,022,956

9. MINERAL PROPERTIES

At January 1, 2024	\$ 80,395,288
Currency translation adjustment	(6,601,988)
Additions	11,155,972
At December 31, 2024	\$ 84,949,272
Currency translation adjustment	868,461
Additions	4,431,541
At March 31, 2025	\$ 90,249,274

Costs Capitalized to the Cordero Mineral Property	March 31, 2025	December 31, 2024
Permitting and Legal	\$ 29,857	\$ 268,800
Mining duties	510,748	924,944
Camp cost, site access and vehicles	118,538	1,718,556
Salaries and benefits	1,077,914	3,743,562
Project evaluation and geophysics	92,483	3,722,861
Administrative and other expenses	146,231	344,985
Environment, Social and Governance	40,327	432,264
Land Acquisition ⁽¹⁾	2,415,443	-
	\$ 4,431,541	\$ 11,155,972

⁽¹⁾ On March 19, 2025, the Company acquired 66 hectares of land for USD\$1.8M and now owns 100% of the land required for the development of the Cordero property.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2025	December 31, 2024
Trade and other payables ⁽¹⁾	\$ 1,977,703	\$ 1,936,828
Salaries and benefits payable ⁽²⁾	1,865,133	3,243,341
Accrued liabilities ⁽³⁾	3,893,209	3,179,469
	\$ 7,736,045	\$ 8,359,638

⁽¹⁾ At March 31, 2025 and December 31, 2024, trade and other payables were comprised primarily of amounts payable for business development and environmental studies.

⁽²⁾ Salaries and benefits payable were comprised of short-term incentive amounts payable to executive management and employees.

⁽³⁾ Accrued liabilities is comprised primarily of the final instalment of USD\$2,500,000 related to the acquisition of land during 2023 to be paid in May 2025 (note 10).

Discovery Silver Corp.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Unaudited - (Expressed in Canadian dollars, except where otherwise noted)
For the Three Months Ended March 31, 2025 and 2024

11. LEASE LIABILITIES

	March 31, 2025	December 31, 2024
Lease liabilities	\$ 1,342,958	\$ 1,465,487
Less: current portion	241,483	247,674
Non-current portion	\$ 1,101,475	\$ 1,217,813

⁽¹⁾ During 2022, the Company renewed the corporate office lease for an additional five-year term at an incremental borrowing rate of 3.95%, and during 2024 the Company signed a 30-year surface access agreement in Mexico at an incremental borrowing rate of 10.91%.

12. SHARE CAPITAL

a) Authorized

- i. Unlimited common shares with no par value; and
- ii. Unlimited preferred voting shares with no par value.

b) Shares issued and outstanding

	Note	Common Shares	Amount
At January 1, 2024		395,862,249	\$ 216,194,163
Shares issued on exercise of options	12c	3,468,450	2,625,456
Shares issued on exercise of RSUs	12d	1,130,545	1,391,509
At December 31, 2024		400,461,244	\$ 220,211,128
Shares issued on exercise of options	12c	50,000	57,946
Shares issued on exercise of RSUs	12d	1,837,129	2,151,329
At March 31, 2025⁽¹⁾		402,348,373	\$ 222,420,403

⁽¹⁾ Refer to Note 13 for equity issued subsequent to March 31, 2025.

The non-cash share-based compensation expense for the three months ended March 31, 2025, was \$1,673,645 (year ended March 31, 2025 - \$881,496).

c) Stock Options

The Company has adopted a rolling 10% stock option plan (the "Option Plan") which provides that the Company's Board of Directors (the "Board") may grant options to purchase common shares of the Company to directors, officers, employees and service providers, with the number of options being limited to 10% of the issued common shares at the time of granting of options. This 10% limit is in aggregate and is shared with the Company's RSU and DSU plans (note 12d). The Board in its sole discretion may determine any vesting provisions for options. The exercise price shall be determined by the directors of the Company at the time of grant in accordance with the provisions of the Option Plan. The expiry date for an option shall not be more than ten years from the grant date.

There were no options granted during the three months ended March 31, 2025 or 2024. Option transactions and the number of options outstanding are summarized as follows:

Discovery Silver Corp.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 Unaudited - (Expressed in Canadian dollars, except where otherwise noted)
 For the Three Months Ended March 31, 2025 and 2024

	Outstanding	Weighted Average Exercise Price
At January 1, 2024	19,993,658	\$ 1.44
Options exercised	(3,468,450)	0.49
Options forfeited	(673,333)	1.93
At December 31, 2024	15,851,875	\$ 1.63
Options exercised	(50,000)	0.65
At March 31, 2025	15,801,875	\$ 1.63

At March 31, 2025, the options outstanding and exercisable are as follows:

Exercise Price	Options Outstanding			Options Exercisable		
	Number	Weighted average remaining life	Weighted average exercise price	Number	Weighted average remaining life	Weighted average exercise price
\$0.47	2,930,000	0.07	\$0.47	2,930,000	0.07	\$0.47
\$1.89	4,696,875	0.79	\$1.89	4,696,875	0.79	\$1.89
\$2.08	300,000	0.95	\$2.08	300,000	0.95	\$2.08
\$1.77	200,000	1.59	\$1.77	200,000	1.59	\$1.77
\$2.05	5,575,000	1.77	\$2.05	5,184,375	1.77	\$2.05
\$1.76	400,000	2.03	\$1.76	400,000	2.03	\$1.76
\$1.38	100,000	2.15	\$1.38	100,000	2.15	\$1.38
\$1.42	1,600,000	2.82	\$1.42	533,333	2.82	\$1.42
	15,801,875	0.64	\$1.63	14,344,583	0.57	\$1.64

Black-Scholes pricing models require the input of highly subjective assumptions. Volatility is estimated based on average daily volatility based on historical share price observations over the expected term of the option grant.

d) Deferred Share Units and Restricted Share Units

The Company has adopted rolling 10% DSU and RSU Plans, that share the 10% threshold with the 10% rolling Option Plan (note 12c). The combined aggregate total Options, DSUs, and RSUs granted cannot exceed 10% of the issued and outstanding common shares of the Company.

The DSU Plan provides that the Board may grant DSUs to non-executive directors of the Company, to be settled in cash or common shares of the Company, at the discretion of the Board. The RSU Plan provides that the Board may grant RSUs to eligible officers, and employees, to be settled in cash or common shares of the Company, at the discretion of the Board. The Board in its sole discretion may determine any vesting provisions for DSUs and RSUs. The following tables reflect the continuity of RSUs and DSUs granted and redeemed.

Discovery Silver Corp.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Unaudited - (Expressed in Canadian dollars, except where otherwise noted)
For the Three Months Ended March 31, 2025 and 2024

	Number of RSU's	Weighted average market price on redemption
At January 1, 2024	3,491,631	\$ -
RSUs granted	3,239,529	-
RSUs redeemed	(1,130,545)	\$ 0.82
At December 31, 2024	5,600,615	-
RSUs granted	3,428,689	-
RSUs redeemed	(1,837,129)	\$ 1.57
At March 31, 2025	7,192,175	-

The RSUs are each redeemable for one common share of the Company and vest annually in three equal tranches beginning on the first anniversary of each grant date.

	Number of DSU's	Weighted average market price on redemption
At January 1, 2024	1,475,997	\$ -
DSUs granted	900,000	-
At December 31, 2024	2,375,997	\$ -
DSUs granted	877,284	-
At March 31, 2025	3,253,281	\$ -

The DSUs vest on the first anniversary of each grant date but may only be redeemed on the termination date of a director, in accordance with the DSU Plan.

e) Warrants

Warrants are classified as equity, separately from common shares and are valued at their fair value on grant date using the Black-Scholes pricing model. There were 3,900,000 warrants issued on closing of the Transaction on April 15, 2025 (note 21) (three months ended March 31, 2024 – nil issued or outstanding).

13. EXPLORATION AND PROJECT EVALUATION

Exploration and project evaluation expenditures are those costs not directly attributable to the Cordero Project. These costs include permitting, surface access, drilling, mapping, sampling and assaying, geophysics, salaries and benefits and other costs pertaining primarily to the Company's property-wide exploration program. During the three months ended March 31, 2025, the Company spent \$5,170 in exploration expenses (three months ended March 31, 2024 - \$153,447).

Discovery Silver Corp.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Unaudited - (Expressed in Canadian dollars, except where otherwise noted)
For the Three Months Ended March 31, 2025 and 2024

14. GENERAL OFFICE AND OTHER EXPENSES

	Three Months Ended	
	March 31,	
	2025	2024
Travel	\$ 44,500	\$ 57,123
Salaries and benefits	1,073,389	1,084,487
Shareholder communication and investor relations	218,498	90,443
Filing and transfer agent fees	264,608	129,326
Rent	56,268	55,261
Depreciation	82,672	165,302
General office and other	468,386	359,533
Business development ⁽¹⁾	5,014,243	-
	\$ 7,222,564	\$ 1,941,475

⁽¹⁾ Costs include legal, consulting, advisory and other expenses primarily related to the evaluation and acquisition of the Porcupine Complex.

15. PROFESSIONAL FEES

	Three Months Ended	
	March 31,	
	2025	2024
Legal	\$ 747	\$ 31,754
Audit, tax and accounting	286,047	148,153
Consulting and other	375,738	324,117
	\$ 662,532	\$ 504,024

16. CAPITAL MANAGEMENT

The Company defines capital as its shareholder's equity (comprised of issued share capital, contributed surplus and deficit). The Company's objectives when managing capital are to support the Company's main activities of identifying, defining, and developing mineral deposits, with the goal of creating shareholder value, as well ensuring that the Company will be able to meet its financial obligations as they become due.

The Company manages its capital structure to maximize its financial flexibility to enable the Company to respond to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The current excess funds realized from the non-brokered private placements are invested in highly liquid, interest-bearing marketable securities with no restrictions on redemption.

At March 31, 2025, the Company does not have any long-term debt outstanding and is not subject to any externally imposed capital requirements or debt covenants. There was no change to the Company's approach to capital management during the three months ended March 31, 2025.

Discovery Silver Corp.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Unaudited - (Expressed in Canadian dollars, except where otherwise noted)
For the Three Months Ended March 31, 2025 and 2024

17. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, other receivable and deposits, investments in marketable securities, accounts payable and accrued liabilities and lease liabilities.

Cash and cash equivalents, accounts receivable and deposits are classified as receivables and are measured at amortized cost using the effective interest method. Investments in marketable securities are classified as receivables and are measured at fair value through profit and loss. Accounts payable and accrued liabilities are classified as other financial liabilities and are measured at amortized cost. These financial instruments approximate their fair value due to their short-term nature.

The fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Financial instruments are classified into one of three levels in the fair value hierarchy according to the degree to which the inputs used in the fair value measurement are observable.

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3: Inputs that are not based on observable market data.

At March 31, 2025 the Company had no financial instruments classified as Level 2 or 3.

18. FINANCIAL RISK MANAGEMENT

The Company is exposed to financial risks, including credit risk, liquidity risk, currency risk, interest rate risk and price risk. The aim of the Company's overall risk management strategy is to reduce the potential adverse effect that these risks may have on the Company's financial position and results. The Company's Board of Directors has overall responsibility and oversight of management's risk management practices. Risk management is carried out by the Board through the Audit Committee and Nominating and Corporate Governance Committee with the policies being recommended for approval by the Board of Directors at least annually or when changes are required.

Discovery Silver Corp.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 Unaudited - (Expressed in Canadian dollars, except where otherwise noted)
 For the Three Months Ended March 31, 2025 and 2024

a) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At March 31, 2025, the Company had a cash and cash equivalents balance of \$15,115,274 (December 31, 2024 – \$29,310,579) to settle current liabilities of \$7,977,528 (December 31, 2024 – \$8,607,312). The Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

At March 31, 2025, the Company has no sources of revenue to fund its operating and development expenditures and has historically relied solely on non-brokered private placements to fund its operations. The Company's cash balance at March 31, 2025 is sufficient to fund the 2025 work program related to current operations as well as the existing administrative needs. The Company may require additional financing to accomplish long-term strategic objectives. Future funding may be obtained by means of an equity or debt financing (refer to note 21 for an update on equity and debt financing).

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation and cause the other party to incur a financial loss. The Company's cash and cash equivalents, short-term investments, accounts receivable and prepaids and deposits are exposed to credit risk. The Company has assessed the credit risk on its cash and cash equivalents and short-term investments as low as its funds are held in several highly rated Canadian financial institutions.

The Company's maximum exposure to credit risk related to certain financial instruments as identified below, approximates the carrying value of these assets on the Company's unaudited condensed interim consolidated statements of financial position.

	March 31, 2025	December 31, 2024
Cash and cash equivalents	\$ 15,115,274	\$ 29,310,579
Other receivables	55,148	82,896
Deposits	96,756	114,501
	\$ 15,267,178	\$ 29,507,976

c) Market Risks

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and equity prices.

i. Interest rate risk

The Company has significant cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in high-yield savings accounts or other highly liquid

Discovery Silver Corp.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Unaudited - (Expressed in Canadian dollars, except where otherwise noted)
For the Three Months Ended March 31, 2025 and 2024

interest-bearing short-term investments. The Company regularly monitors its cash management policy.

ii. Foreign currency risk

The Company's functional currency is the Canadian dollar. At March 31, 2025, cash balances were held primarily in Canadian and US dollars. Foreign currency risk is the risk that the value of the Company's financial instruments denominated in foreign currencies will fluctuate due to changes in foreign exchange rates. Changes in the exchange rate between foreign currencies and the Canadian dollar could have a significant impact on the Company's financial position, results of operations, and cash flows.

The Company does not currently use derivative instruments to reduce its exposure to foreign currency risk, however exchange rates are continually monitored for any significant changes. A portion of the Company's exploration expenses are paid in USD, and over the past two years the Company converted a portion of its CAD cash balances into USD to reduce its currency risk exposure related to the CAD.

The Company is mainly exposed to foreign currency risk on financial instruments (consisting of trade payables) denominated in USD and MXP.

At March 31, 2025 and December 31, 2024, the Company had the following foreign currency denominated trade payables:

		March 31, 2025		December 31, 2024
United States dollar	\$	3,795,463	\$	3,798,895
Mexican Peso		912,658		898,268
	\$	4,708,121	\$	4,697,163

It is estimated that a 10% fluctuation in the United States Dollar and Mexican Peso against the Canadian Dollar would affect net loss at March 31, 2025 by approximately \$470,812 (December 31, 2024 - \$469,716).

iii. Price risk

The Company is exposed to price risk with respect to commodity prices and prices of equity securities. Equity security price risk is defined as the potential adverse impact on the Company's net income or loss due to movements in individual prices of equity securities or price movements in the stock market generally. Commodity price risk is defined as the potential adverse impact on net income or loss and economic value due to commodity price movement and volatility. The Company closely monitors commodity prices, particularly as they relate to base and precious metals, and movements in the price of individual equity securities, and movements in the stock market generally, to assist in determining the appropriate course of action to be taken by the Company.

Discovery Silver Corp.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Unaudited - (Expressed in Canadian dollars, except where otherwise noted)
For the Three Months Ended March 31, 2025 and 2024

19. SEGMENTED INFORMATION

Operating segments are components of an entity whose operating results are regularly reviewed by the chief operating decision maker in deciding how to allocate resources and in assessing performance and for which separate financial information is available.

The Company has one operating segment, which is involved in the exploration and development of polymetallic mineral deposits. All of the Company's mineral properties are located in Mexico.

Segment performance is evaluated based on several operating and financial measures, including net loss and total comprehensive loss, which is measured consistently with net loss and total comprehensive loss in the consolidated financial statements.

The net loss and total comprehensive loss (income) are distributed by geographic region as follows:

	Three Months Ended March 31,	
	2025	20234
Canada	\$ 8,210,423	\$ 1,106,319
Mexico	185,312	(2,224,399)
Total comprehensive loss (income)	\$ 8,395,735	\$ (1,118,080)

20. RELATED PARTY TRANSACTIONS

a) Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as well as those personnel with responsibility for the oversight of the Company's activities. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Related party transactions for the years ended March 31, 2025 and 2024 are as follows:

Transaction Type	Nature of Relationship	Three Months Ended	
		2025	March 31, 2024
Non-cash share-based payments	Directors and officers	\$ 881,496	\$ 818,418
Salaries and benefits	Officers	727,297	670,666
Director fees	Directors	87,500	87,500
		\$ 1,696,293	\$ 1,576,584

Discovery Silver Corp.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 Unaudited - (Expressed in Canadian dollars, except where otherwise noted)
 For the Three Months Ended March 31, 2025 and 2024

A summary of amounts due to related parties:

Transaction Type	Nature of Relationship	March 31, 2025	December 31, 2024
Salaries and benefits payable	Directors, officers, and employees	\$ 1,865,133	\$ 3,243,111
		\$ 1,865,133	\$ 3,243,111

21. EVENTS AFTER THE REPORTING PERIOD

On April 15, 2025, the Company announced the completion of the previously announced acquisition (the “Transaction”) of Newmont Corporation’s Porcupine Operations (the “Porcupine Complex” or “Porcupine”) for a total consideration of USD\$425 million. The consideration paid to Newmont on closing of the Transaction consisted of USD\$200 million in cash and USD\$75 million through the issuance of approximately 119.7 million common shares of Discovery, and USD\$150 million of deferred consideration to be paid in four annual cash payments of USD\$37.5 million commencing on December 31, 2027.

To fund the Transaction and provide liquidity in support of operating and growing the Porcupine Complex, Discovery received approximately USD\$555 million of financing (the “Financing Package”), including USD\$400 million related to royalty and debt agreements with Franco Nevada Corporation (“Franco Nevada”) and approximately USD\$155 million from a bought deal public offering of subscription receipts (the “Bought Deal”). As part of the Financing Package with Franco-Nevada, on closing of the transaction, the Company issued 3,900,000 share purchase warrants, exercisable at \$0.95 with a 3-year expiry.

The Bought Deal closed on February 3, 2025 and pursuant to the requirement of the Toronto Stock Exchange a special meeting was held on March 27, 2025 to obtain shareholder approval (the “Special Meeting”). Pursuant to the Bought Deal, the Company issued an aggregate of 275,000,000 Subscription Receipts at an issue price of C\$0.90 per Subscription Receipt, for gross proceeds of C\$247,500,000, which included 25,000,000 Subscription Receipts issued pursuant to the exercise, in full, of the over-allotment option granted to the underwriters in connection with the Bought Deal. With the closing of the Transaction, the common shares of Discovery issuable pursuant to the 275,000,000 Subscription Receipts were automatically issued through CDS Clearing and Depository Services Inc. in accordance with the terms of the Subscription Receipts, as applicable, on a one-for-one basis and the Subscription Receipts were delisted as at the close of business on April 15, 2025.

Prior to the closing of the Transaction, Porcupine was transferred into a newly formed corporation, Dome Mine Ltd. pursuant to an asset purchase agreement. On closing of the Transaction, all of the issued and outstanding common shares of Dome Mine Ltd. were sold to Discovery pursuant to a share purchase agreement.