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## Discovery Reports Q4 2021 Financial Results and Update

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**April 28, 2022, Toronto, Ontario – Discovery Silver Corp.** (TSX-V: DSV, OTCQX: DSVSF) (“Discovery” or the “Company”) is pleased to announce its financial results for the fourth quarter (“Q4 2021”) and year ended December 31, 2021, and to provide a summary of key events for the quarter and subsequent to year-end. All figures are stated in Canadian dollars (“C\$”) unless otherwise noted.

Discovery’s flagship project is our 100%-owned Cordero silver project (“Cordero” or the “Project”) located in Chihuahua State, Mexico. Following the completion of a Preliminary Economic Assessment (“PEA”) in 2021 that demonstrated Cordero is a large-scale, high-margin asset with a long mine life, our focus now is the delivery of a Pre-Feasibility Study (“PFS”) on the Project in the fourth quarter of this year.

### **HIGHLIGHTS FROM Q4 2021 & SUBSEQUENT EVENTS:**

- Completion of our PEA on Cordero that outlined a 16-year mine life with average annual production of 26 Moz AgEq at an AISC of \$12.35/oz AgEq. The after-tax NPV5% was US\$1.2 B and the IRR was 38% at base case metal prices of Ag - US\$22.00/oz, Au - US\$1,600/oz, Pb - US\$1.00/lb and Zn - US\$1.20/lb.
- The appointment of Tony Esplin as Chief Operating Officer; Mr. Esplin has more than 30 years of experience in the mining industry including over two decades of executive and senior management roles at Tier 1 operations with Newmont Corporation and Barrick Gold Corporation.
- The appointment of Tony Makuch to the Company’s Board of Directors; Mr. Makuch has over 35 years of mining industry experience and was most recently President and CEO of Kirkland Lake Gold Ltd up to its merger with Agnico Eagle Mines Limited in 1Q 2022.
- The release of our inaugural Environmental, Social and Governance (“ESG”) report and launch of a brand-new Sustainability section on our website. These materials set out the Company’s current practices and future priorities, and provide details of our strategic pillars that form the foundation needed to advance the Cordero Project.
- Announcement of our work program for 2022 that includes the planned completion of our PFS in the fourth quarter of this year along with 55,000 m of drilling focused on reserve definition, resource growth and property wide exploration.
- As at December 31, 2021, we had a cash and cash equivalents and short term investment balance of \$69.7 million.

### **LOOKING AHEAD:**

Work on our Pre-Feasibility Study is advancing well and we remain on schedule to deliver the study in the fourth quarter of this year. Our metallurgical testwork on the sulphides, which is focused on reagent

optimization and the testing of high-grade samples ranging from 100 – 200 g/t AgEq to confirm grade versus recovery variability is now more than 50% complete. Our reserve definition drilling will wrap up later this quarter while our engineering drilling will commence in the coming weeks. We expect the PFS will continue to incorporate staged expansions of the processing facility and we will look to optimize the mining rates early in the mine life as well as the timing and size of the oxides/heap leach project to maximise capital efficiency.

In parallel with these work plans our ESG program continues to be an important area of focus, with our 2021 ESG report scheduled for issuance in the summer and key government and international accreditation certifications planned for completion in the second half of 2022. We also remain committed to the growth potential of Cordero with more than 30,000 m of drilling planned this year on resource expansion targets and our first ever drilling of five highly prospective property targets within 10 km of Cordero.

Our balance sheet remains exceptionally strong with a current cash balance of approximately \$60 million and no debt. This puts us in a very strong position to fund all our activities at Cordero in 2022, as well as all necessary work to advance Cordero to a construction decision through the completion of a Definitive Feasibility Study currently scheduled for the second half of 2023.

## **SUMMARY OF Q4 2021 & SUBSEQUENT EVENTS:**

### **Environment, Social, Governance:**

#### **Inaugural ESG Report / Sustainability website launch**

In the fourth quarter we released our first Environmental, Social and Governance (“ESG”) report and launched a brand-new Sustainability section of our website. Report highlights include:

- Over \$1.7 million in goods and services purchased from local Mexican businesses;
- Over \$1.3 million in salaries and benefits paid to local employees;
- Total workforce of 124 includes 58 employees (89% Mexican) and 66 contractors (98% Mexican);
- Total GHG emissions of 167 tonnes of CO<sub>2</sub> equivalent;
- Total water withdrawal of 36,017 m<sup>3</sup> and total water discharged of 36,007 m<sup>3</sup>; and
- Zero fatalities and only 5 first-aid incidents

The full ESG Report is available in English and Spanish for download at:

[www.discoverysilver.com/sustainability](http://www.discoverysilver.com/sustainability)

### **Projects:**

#### **Preliminary Economic Assessment (PEA)**

On November 30, 2021, we announced the results from the PEA on Cordero. Highlights from the study include (all figures are in USD unless otherwise noted):

- **Excellent project economics:** Base Case after-tax NPV5% of \$1.2 B (C\$1.5 B) and IRR of 38% (Ag - \$22.00/oz, Au - \$1,600/oz, Pb - \$1.00/lb and Zn - \$1.20/lb).
- **Exceptional silver price leverage:** Upside Case after-tax NPV5% of \$1.9 B (C\$2.4 B) and IRR of 55% (Ag - \$27.50/oz, Au - \$1,880/oz, Pb - \$1.10/lb and Zn - \$1.45/lb based on one-year trailing 90<sup>th</sup> percentile prices).
- **Large-scale, high-margin, long mine life asset:** 16-year mine life with average annual production of 26 Moz AgEq at an AISC of \$12.35/oz AgEq.
- **Low capital intensity:** initial development capex of \$368 M; attractive NPV-to-capex ratio of 3.2x.
- **Rapid payback:** post-tax payback of 2.0 years for Base Case and 1.4 years for Upside Case.
- **Technically robust study:** 99% of tonnes processed in the PEA mine plan are in the Measured & Indicated category; process design and metallurgical recovery estimates are based on the Company's comprehensive 2021 metallurgical testwork program.
- **Silver-dominant revenues:** silver represents +60% of the net smelter return in the first five years of the mine life and +50% of the net smelter return over the life of mine, in-line with the senior/mid-tier silver producer group.

The PEA was based on an updated Mineral Resource Estimate that was press released on October 20, 2021. Further details on the PEA results can be found in our news release dated November 30, 2021. Supporting technical disclosure and further details on the Mineral Resource Estimate can be found at the bottom of this release.

### Phase 2 drilling

Subsequent to the year ended December 31, 2021, we announced two sets of drill results from our ongoing Phase 2 drill program. Phase 2 drilling will continue through the remainder of the year and will be focused on three key areas: (1) Pre-Feasibility Study drilling consisting of reserve definition and engineering drilling; (2) resource expansion in the northeast of the deposit and at depth; and (3) initial drill testing of five property-wide targets on the Company's extensive land package. There are currently four drill rigs operating on site.

**PFS Drilling** – highlight intercepts from upgrading resources for inclusion in the PFS include:

- **49.9 m averaging 247 g/t AgEq** from 124.5 m (99 g/t Ag, 0.26 g/t Au, 1.9% Pb and 1.8% Zn) including **21.4 m averaging 446 g/t AgEq** (185 g/t Ag, 0.46 g/t Au, 3.5% Pb & 3.2% Zn) in hole C21-533
- **46.8 m averaging 288 g/t AgEq** from 366.5 m (61 g/t Ag, 0.07 g/t Au, 1.4% Pb and 4.8% Zn) in hole C21-556
- **113.6 m averaging 101 g/t AgEq** from 160.9 m (28 g/t Ag, 0.09 g/t Au, 0.2% Pb and 1.6% Zn) in hole C21-555
- **165.0 m averaging 92 g/t AgEq** from 399.8 m (33 g/t Ag, 0.06 g/t Au, 0.7% Pb and 0.9% Zn) including **31.3 m averaging 141 g/t AgEq** (58 g/t Ag, 0.07 g/t Au, 1.1% Pb & 1.2% Zn) in hole C21-545

- **38.6 m averaging 189 g/t AgEq** from 191.8 m (91 g/t Ag, 0.11 g/t Au, 1.3% Pb and 1.3% Zn) beneath the PEA pit in hole C21-573
- **32.3 m averaging 142 g/t AgEq** from 28.5 m (70 g/t Ag, 0.12 g/t Au, 0.8% Pb and 1.0% Zn) on the margins of the PEA pit in hole C21-538

**Resource Expansion Drilling** – highlight intercepts from outside the resource pit constraint include:

- **45.6 m averaging 328 g/t AgEq** from 327.0 m (125 g/t Ag, 0.54 g/t Au, 2.0% Pb and 2.7% Zn) including **17.4 m averaging 674 g/t AgEq** (254 g/t Ag, 0.94 g/t Au, 4.0% Pb & 6.1% Zn) in hole C21-575
- **44.5 m averaging 106 g/t AgEq** from 355.7 m (20 g/t Ag, 0.03 g/t Au, 0.1% Pb and 2.2% Zn) in hole C21-549

For further details on the drill results noted above refer to our news releases dated February 10 and March 31, 2022. Supporting Technical Disclosure for drill results can be found at the end of this release

#### **SELECTED FINANCIAL DATA:**

The following selected financial data is summarized from the Company's consolidated financial statements and related notes thereto (the "Financial Statements") for the year ended December 31, 2021, and the Management's Discussion and Analysis ("MD&A") for the year ended December 31, 2021.

A copy of the Financial Statements and MD&A is available at [www.discoverysilver.com](http://www.discoverysilver.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

	<b>Q4 2021</b>	Q4 2020
Net loss		
(a) Total	\$ (7,098,928)	\$ (6,125,457)
(b) basic and diluted per share	\$ (0.02)	\$ (0.02)
Net loss & total comprehensive loss	\$ (7,030,220)	\$ (5,455,362)
Total weighted average shares outstanding	<b>329,898,229</b>	302,368,222

	<b>December 31, 2021</b>	December 31, 2020
Cash, cash equivalents & short-term investments	\$ <b>69,748,652</b>	\$ 82,547,897
Total assets	\$ <b>107,790,755</b>	\$ 111,564,881
Total current liabilities	\$ <b>1,704,530</b>	\$ 982,260
Total liabilities	\$ <b>1,704,530</b>	\$ 1,023,349
Working capital	\$ <b>69,611,661</b>	\$ 82,435,046
Total Shareholders' equity	\$ <b>106,086,225</b>	\$ 110,541,532

#### **About Discovery**

Discovery's flagship project is its 100%-owned Cordero project, one of the world's largest silver deposits. The PEA completed in November 2021 demonstrates that Cordero has the potential to be developed into a highly capital efficient mine that offers the combination of margin, size and scalability.

Cordero is located close to infrastructure in a prolific mining belt in Chihuahua State, Mexico. Continued exploration and project development at Cordero is supported by a strong balance sheet with a current cash balance of approximately C\$60 million.

On Behalf of the Board of Directors,  
**Taj Singh, M.Eng, P.Eng, CPA,**  
President, Chief Executive Officer and Director  
*For further information contact:*

**Forbes Gemmell, CFA**  
VP Corporate Development & Investor Relations  
Phone: 416-613-9410  
Email: [forbes.gemmell@discoverysilver.com](mailto:forbes.gemmell@discoverysilver.com)  
Website: [www.discoverysilver.com](http://www.discoverysilver.com)

### **TECHNICAL NOTES & REFERENCES:**

**Drill results:** all drill results in this news release are rounded. Assays are uncut and undiluted. Widths are drilled widths, not true widths, as a full interpretation of the actual orientation of mineralization is not complete. As a guideline, intervals with disseminated mineralization were chosen based on a 25 g/t AgEq cutoff with no more than 10 m of dilution. AgEq calculations are used as the basis for total metal content calculations given Ag is the dominant metal constituent as a percentage of AgEq value in approximately 70% of the Company's mineralized intercepts. AgEq calculations for reported drill results are based on USD \$22.00/oz Ag, \$1,600/oz Au, \$1.00/lb Pb, \$1.20/lb Zn. The calculations assume 100% metallurgical recovery and are indicative of gross in-situ metal value at the indicated metal prices. Refer to notes below for metallurgical recoveries assumed in the 2021 PEA completed on Cordero.

**Sample analysis and QA/QC Program:** True widths of reported drill intercepts have not been determined. Assays are uncut except where indicated. All core assays are from HQ drill core unless stated otherwise. Drill core is logged and sampled in a secure core storage facility located at the project site 40km north of the city of Parral. Core samples from the program are cut in half, using a diamond cutting saw, and are sent to ALS Geochemistry-Mexico for preparation in Chihuahua City, Mexico, and subsequently pulps are sent to ALS Vancouver, Canada, which is an accredited mineral analysis laboratory, for analysis. All samples are prepared using a method whereby the entire sample is crushed to 70% passing -2mm, a split of 250g is taken and pulverized to better than 85% passing 75 microns. Samples are analyzed for gold using standard Fire Assay-AAS techniques (Au-AA24) from a 50g pulp. Over limits are analyzed by fire assay and gravimetric finish. Samples are also analyzed using thirty three-element inductively coupled plasma method ("ME-ICP61"). Over limit sample values are re-assayed for: (1) values of zinc > 1%; (2) values of lead > 1%; and (3) values of silver > 100 g/t. Samples are re-assayed using the ME-OG62 (high-grade material ICP-AES) analytical package. For values of silver greater than 1,500 g/t, samples are re-assayed using the Ag-CON01 analytical method, a standard 30 g fire assay with gravimetric finish. Certified standards and blanks are routinely inserted into all sample shipments to ensure integrity of the assay process. Selected samples are chosen for duplicate assay from the coarse reject and pulps of the original sample. No QAQC issues were noted with the results reported herein.

## Mineral Resource Estimate:

### Sulphide Resource (assumed to be processed via mill/flotation)

NSR \$/t cut-off	Class	Tonnes (Mt)	Grade					Contained Metal				
			Ag	Au	Pb	Zn	AgEq	Ag	Au	Pb	Zn	AgEq
			(g/t)	(g/t)	(%)	(%)	(g/t)	(Moz)	(koz)	(Mlb)	(Mlb)	(Moz)
\$7.25/t	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
	M&I	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

### Oxide/Transition Resource (assumed to be processed by heap leaching)

NSR \$/t cut-off	Class	Tonnes (Mt)	Grade			Contained Metal			% Oxide / % Trans
			Ag	Au	AgEq	Ag	Au	AgEq	
			(g/t)	(g/t)	(g/t)	(Moz)	(koz)	(Moz)	
\$4.78/t	Measured	23	20	0.06	25	15	43	19	92% / 8%
	Indicated	75	19	0.05	23	45	125	56	87% / 13%
	M&I	98	19	0.05	23	60	168	74	88% / 12%
	Inferred	35	16	0.04	20	18	44	22	63% / 37%

### Supporting Technical Disclosure for Resource:

- Mineral resources that are not mineral reserves do not have demonstrated economic viability.
- AgEq for the Sulphide Resource is calculated as  $Ag + (Au \times 16.07) + (Pb \times 32.55) + (Zn \times 35.10)$ ; 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 the Oxide/Transition Resource is calculated as  $Ag + (Au \times 87.5)$ ; 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 Resource is constrained by a pit optimisation based on the following commodity prices: Ag - \$24.00/oz, Au - \$1,800/oz, Pb - \$1.10/lb, Zn - \$1.20/lb. Additional parameters for the pit constraint are provided in the October 20, 2021, press release.
- Individual metals are reported at 100% of in-situ grade.
- The effective date of the Resource is October 20, 2021, and is based on drilling through July 2021.
- There are no known legal, political, environmental or other risks that could materially affect the potential development of the Resource.
- A full technical report titled *Mineral Resource Update of the Cordero Silver Project Chihuahua State, Mexico*, dated October 20, 2021, is available on SEDAR and on the Company's website.

## **Preliminary Economic Assessment:**

The most recent technical report for the Cordero Project is the 2021 Preliminary Economic Assessment (PEA). The PEA was completed by Ausenco Engineering Canada Inc. with support from AGP Mining Consultants Inc. and Knight Piésold and Co. (USA). The full technical report supporting the PEA is available on Discovery's website and on SEDAR under Discovery Silver Corp.

### Supporting Technical Disclosure for the PEA:

- Inferred material, representing 0.9% of the mill feed, is included in the total mill feed. Inferred resources are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as reserves.
- Mineral resources that are not mineral reserves do not have demonstrated economic viability.
- Readers are cautioned that the PEA is preliminary in nature and that there is no certainty the estimates utilized in the PEA will be realized.
- AgEq is calculated based on the following commodity prices: Ag - \$22.00/oz, Au - \$1,600/oz, Pb - \$1.00/lb and Zn - \$1.20/lb.
- All-in Sustaining cost (AISC) is calculated as: [Operating costs (mining, processing and G&A) + Royalties + Concentrate Transportation + Treatment & Refining Charges + Concentrate Penalties + Sustaining Capital (includes capital for TMF dams lifts with capacity for less than five years) + Closure Costs] / Payable AgEq ounces
- A full technical report titled *Preliminary Economic Assessment of the Cordero Silver Project Chihuahua State, Mexico*, dated November 30, 2021, is available on SEDAR and on the Company's website. The report was authored by Ausenco Engineering Canada Inc. with support from AGP Mining Consultants Inc. and Knight Piésold and Co. (USA).

**Qualified Person:** Gernot Wober, P.Geo, VP Exploration, Discovery Silver Corp., is the Company's designated Qualified Person for this news release within the meaning of National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") and has reviewed and validated that the information contained in this news release is accurate.

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### *Cautionary Note Regarding Forward-Looking Statements*

This news release may include forward-looking statements that are subject to inherent risks and uncertainties. All statements within this news release, other than statements of historical fact, are to be considered forward looking. Although Discovery believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those described in forward-looking statements. Such statements include but are not limited to: the timeline for the execution and completion of the Phase 2 drill program including the impacts and benefits; the timeline and anticipated results to be included in the Resource update including the impact and benefits; the timeline and anticipated results to be included in the Preliminary Economic Assessment including the impact and benefits; Factors that could cause actual results to differ materially from those described in forward-looking statements include fluctuations in market prices, including metal prices, continued availability of capital and financing, and general economic, market or business conditions. There can be no assurances that such statements will prove accurate and, therefore, readers are advised to rely on their own evaluation of such uncertainties. Discovery does not assume any obligation to update any forward-looking statements except as required under applicable laws. For a detailed discussion on the risks faced by the Company, refer

to the documents incorporated by reference herein, the Company's MD&A for the year ended December 31, 2021 and the Company's 2021 Annual Information Form available on the Company's website at [www.discoverysilver.com](http://www.discoverysilver.com) or under Discovery's profile on SEDAR at [www.sedar.com](http://www.sedar.com).