
Discovery Reports Q2 2022 Financial Results and Update

August 25, 2022, Toronto, Ontario – Discovery Silver Corp. (TSX-V: DSV, OTCQX: DSVSF) (“Discovery” or the “Company”) is pleased to announce its financial results for the three months ended June 30, 2022 (“Q2 2022”) and provide a summary of key events for the quarter, and subsequent to quarter-end. All amounts are presented in Canadian dollars (“C\$”) unless otherwise stated.

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 Q2 2022 & SUBSEQUENT EVENTS:

- Tony Makuch was appointed to our Board of Directors and subsequently, as our Interim Chief Executive Officer. Mr. Makuch is a professional engineer with over 35 years of significant industry and leadership experience and was most recently Chief Executive Officer of Kirkland Lake Gold Ltd., a leading senior global gold company with operations in Ontario and Australia.
- 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.
- Initial results from the PFS metallurgical testwork program continue to highlight the exceptional metallurgical performance at Cordero with recoveries typically ranging from 90-95% for Ag, Pb and Zn from the tests completed so far. These recoveries were achieved at a very coarse grind size and with lower reagent consumption than what was assumed in the 2021 PEA.
- Phase 2 drilling continues to intercept excellent grades. Recent highlight results include 337 g/t AgEq over 34 m and 606 g/t AgEq over 18 m below the PEA pit and 328 g/t AgEq over 46 m and 388 g/t AgEq over 33 m outside the current resource.
- We significantly expanded our ESG program last year as highlighted in our 2021 Environmental, Social and Governance (“ESG”) report and we have established clear goals and objectives in 2022 and beyond to ensure our ESG efforts remain a key priority.
- Discovery’s balance sheet remains exceptionally strong with a cash and cash equivalents balance of \$64 million and no debt as at June 30, 2022.

LOOKING AHEAD:

Tony Makuch, Interim CEO, states: *“We are very pleased with the excellent progress we are making on our PFS and we look forward to the delivery of the study in the fourth quarter of this year. We are confident the PFS will outline one of the leading development projects in the industry based on the*

scale of production, excellent margins and capital efficiency. The study will be supported by leading industry consultants and a comprehensive dataset of close to 300,000 m of drilling and three detailed metallurgical test programs. Initial results from our most recent metallurgical testwork program have exceeded expectations with higher recoveries than what was assumed in our 2021 PEA and were achieved at significantly lower reagent consumptions.

“Our Phase 2 drilling continues to intercept excellent grades both within and on the margins outside of the open pit defined in our 2021 PEA. This will further increase the confidence in the resource supporting our upcoming PFS and underscores the potential to expand the size of the open pit. In addition, our resource expansion drilling in the far northeast continues to highlight the prospectivity of this part of the deposit. Our other PFS scopes of work, including process design, open pit geotechnical and hydrology, also continue to progress well.

“Our ESG program continues to be a key area of focus. As outlined in our 2021 ESG report released in July, we continue to build and strengthen our team and recently made several key hires including a Sustainability Manager, Environmental Coordinator and Social Coordinator, all of whom are Mexican nationals. We also recently completed a Social Baseline Study that included surveys and interviews with over 2,300 people across 25 stakeholder groups within the local municipalities surrounding the project. We continue to make significant progress on key government and international accreditations and remain on track to complete our Safe Industry and Clean Industry certifications by year end in addition to the Great Place to Work and Socially Responsible Enterprise distinctions.

“Our balance sheet remains strong with a current cash balance of approximately \$60 million and no debt. This should allow us to weather the current market volatility and still complete 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 following our PFS.”

REVIEW OF Q2 2022 & SUBSEQUENT EVENTS:

Phase 2 drilling:

Phase 2 drilling commenced in 3Q 2021 and 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. During the quarter and subsequent to quarter end, we announced three sets of drill results from this drill program with highlights outlined as follows.

PFS Drilling – highlight intercepts targeting the upgrading of resources and the expansion of the open pit for the PFS include:

- C21-560 intercepted a high-grade interval immediately below the PEA pit that returned **18.1 m averaging 606 g/t AgEq** from 230.0 m (234 g/t Ag, 0.15 g/t Au, 3.8% Pb and 6.5% Zn)
- C21-564 intercepted **33.9 m averaging 337 g/t AgEq** from 622.1 m (95 g/t Ag, 0.21 g/t Au, 1.9% Pb and 4.5% Zn) approximately 70 m below the PEA pit
- C21-544 intercepted **60.4 m averaging 122 g/t AgEq** from 115.7 m (45 g/t Ag, 0.07 g/t Au, 0.9% Pb and 1.2% Zn) approximately 50 m below the PEA pit

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

- C21-574 intercepted **13.4 m averaging 483 g/t AgEq** from 3.3 m (272 g/t Ag, 0.16 g/t Au, 4.1% Pb and 1.9% Zn) in a step-out hole approximately 100 m to the northeast of the resource pit
- C22-605 intercepted **38.6 m averaging 265 g/t AgEq¹** from 27.2 m (89 g/t Ag, 0.13 g/t Au, 1.8% Pb and 3.0% Zn) within an area previously modeled as low grade/waste
- C22-609, the northeasternmost hole drilled by the Company, intercepted **33.1 m averaging 150 g/t AgEq¹** from 233.7 m (54 g/t Ag, 0.08 g/t Au, 0.5% Pb and 1.3% Zn) and **17.7 m averaging 115 g/t AgEq¹** (35 g/t Ag, 0.01 g/t Au, 0.9% Pb and 1.4% Zn) from 198.2 m
- C22-610 intercepted **32.6 m averaging 388 g/t AgEq¹** (115 g/t Ag, 0.05 g/t Au, 3.7% Pb and 4.1% Zn) from 226.6 m, including **17.8 m averaging 660 g/t AgEq¹** (187 g/t Ag, 0.05 g/t Au, 6.5% Pb and 7.2% Zn); the intercept was more than 700 m outside the current resource and approximately 180 m below historic workings at surface

For further details on the drill results noted above refer to our news releases dated May 13 and July 13, 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 unaudited condensed interim consolidated financial statements and related notes thereto for the three months ended June 30, 2022 (the "Interim Financial Statements"), and the Management's Discussion and Analysis for the three months ended June 30, 2022 ("MD&A").

A copy of the Financial Statements and MD&A is available at www.discoverysilver.com or on SEDAR at www.sedar.com.

Net loss	Q2 2022	Q2 2021
(a) Total	\$ (11,986,331)	\$ (8,709,519)
(b) basic and diluted per share	\$ (0.04)	\$ (0.03)
Net loss & total comprehensive loss	\$ (12,055,084)	\$ (8,736,684)
Total weighted average shares outstanding	338,750,309	324,892,666

	June 30, 2022	December 31, 2021
Cash, cash equivalents & short-term investments	\$ 63,610,036	\$ 69,748,652
Total assets	\$ 101,782,302	\$ 107,790,755
Total current liabilities	\$ 2,536,304	\$ 1,704,530
Total liabilities	\$ 2,536,304	\$ 1,704,530
Working capital	\$ 62,521,439	\$ 69,611,661
Total Shareholders' equity	\$ 99,245,998	\$ 106,086,225

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.

On Behalf of the Board of Directors,
Tony Makuch, P.Eng
Interim CEO

For further information contact:

Forbes Gemmell, CFA
VP Corporate Development
Phone: 416-613-9410
Email: forbes.gemmell@discoverysilver.com
Website: 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.

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.

Technical Report: 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.

The PEA assumed average life-of-mine recovery assumptions for sulphide material of 84% for Ag, 19% for Au, 86% for Pb and 85% for Zn. The PEA assumed oxide recovery assumptions of 56% for Ag and 63% for Au for crushed feed and 36% for Ag and 35% for Au for uncrushed ROM feed.

FORWARD-LOOKING STATEMENTS:

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

This news release is not for distribution to United States newswire services or for dissemination in the United States.

This news release does not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of any of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful, including any of the securities in the United States of America. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act") or any state securities laws and may not be offered or sold within the United States or to, or for account or benefit of, U.S. Persons (as defined in Regulation S under the 1933 Act) unless registered under the 1933 Act and applicable state securities laws, or an exemption from such registration requirements is available.

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 or under Discovery's profile on SEDAR at www.sedar.com.