
Discovery Reports Q2 2023 Financial Results and Update

August 15, 2023, Toronto, Ontario – Discovery Silver Corp. (TSX: DSV, OTCQX: DSVSF) (“Discovery” or the “Company”) is pleased to announce its financial results for the second quarter (“Q2 2023”) ended June 30, 2023, and to provide a summary of key events for the quarter and subsequent to quarter-end. All figures are stated in Canadian dollars (“C\$”) unless otherwise noted. Discovery’s flagship project is the 100%-owned Cordero silver project (“Cordero” or the “Project”) located in Chihuahua State, Mexico.

Tony Makuch, CEO, states: *“We have made excellent progress on our Feasibility Study (FS) during Q2 2023 and subsequent to quarter end. The reserve expansion and definition program component of our FS drill program is now complete with results demonstrating the potential to expand reserves at Cordero at what is already one of the world’s largest undeveloped silver reserves of 266 million ounces. Engineering drilling is ongoing and our metallurgical testwork program, focused on achieving higher recoveries with lower reagent consumption, should be completed by the end of this quarter. We have also made significant progress on critical de-risking items including securing the surface rights for the open pit and key infrastructure locations and identifying the potential sources of water for the Project. We also plan on initiating the construction permitting process later this month with the submission of our Environmental Impact Statement (“Manifiesto de Impacto Ambiental” or “MIA”) to the Mexican Federal Environmental Department (“SEMARNAT”). Our balance sheet remains exceptionally strong with a cash balance of \$68 million at the end of the quarter and no debt putting us in an excellent position to successfully advance Cordero through the completion of the FS and the permitting process.”*

HIGHLIGHTS FROM Q2 2023 & SUBSEQUENT EVENTS:

- Release of the Company’s 2022 Environmental, Social and Governance (“ESG”) report highlighting the Company’s current practices and priorities going forward.
- Completion of a “marketed” public offering for aggregate gross proceeds of approximately C\$51.75 million putting the Company in a strong position to advance the Project to a construction decision.
- Delivered significant progress on critical key de-risking milestones including securing surface rights covering the proposed open pit and key infrastructure locations at the Project.
- Completion of the reserve expansion and definition component of our Feasibility Study program consisting of an additional 35,000 m of drilling in over 100 drill holes completed since the cut-off for the Pre-Feasibility Study with results demonstrating the potential to further grow reserves within and on the margins of the open pit.
- As of June 30, 2023, the Company had a cash and cash equivalents balance of \$68 million.

SUMMARY OF Q2 2023 & SUBSEQUENT EVENTS:

2022 ESG Report

On July 2, 2023, the Company announced it had released its 2022 Environmental, Social and Governance (“ESG”) report, highlighting the Company’s current practices and priorities going forward. Key highlights include:

- Receipt of the Socially Responsible Enterprise (Empresa Socialmente Responsable) (ESR) distinction from the Mexican Centre for Philanthropy (Centro Mexicana para la Filantropía) (CEMEFI) and achieving a ranking in the top 10% of approximately 1,000 participating small to medium sized companies in Mexico.
- Receipt of the Great Place to Work Certification (achieving an overall score of 84%), an internationally recognized certification program awarded to companies that create an outstanding employee experience.
- The Company held 19 engagement sessions with local stakeholders in 2022 and made significant community investments in health, education and training.

The full 2022 ESG Report is available for download at: www.discoverysilver.com/sustainability

Public Offering:

The Company announced on April 19, 2023, that it closed its previously announced “marketed” public offering of common shares of the Company for aggregate gross proceeds of approximately C\$51.75 million (the “Offering”). The Offering was conducted by a syndicate of agents co-led by Clarus Securities Inc. and Cormark Securities Inc., and including BMO Nesbitt Burns Inc., Eight Capital, and PI Financial Corp. (collectively, the “Agents”), and consisted of the sale of 43,125,000 common shares of the Company which included the full exercise of the Agents’ option at a price of C\$1.20 per Share.

The Company intends to use the net proceeds from the Offering to fund the continued advancement and de-risking of the Cordero Project and for working capital and general corporate purposes.

Further details can be found in the news releases dated April 12, 2023, and April 19, 2023.

Key De-Risking Items:

The Company has made excellent progress so far this year on the critical de-risking items for Cordero - surface rights, water, power, permitting and the Feasibility Study – in the systematic advancement of Cordero towards a construction decision. The Company recently secured the surface rights that correspond with the planned open pit and key infrastructure locations at Cordero as well as a significant volume of water rights. Discovery also recently engaged M3 Engineering & Technology Corp to complete a technical review of the scope and cost to source water from existing water treatment plants in the region.

An impact assessment study and power installation study by Mexican electrical infrastructure authority CENACE were delivered earlier this year, with confirmation that there is sufficient capacity in the existing power grid to supply the Project with power for operations at peak throughput levels. Standard

upgrades of the Camargo II substation will be required as well as the installation of a 74-kilometre powerline along the existing power corridor. The Company will also be evaluating the option to use renewable energy sources at site to supplement grid power.

The Company is set to initiate the permitting process later this month with the submission of its MIA to SEMARNAT. The MIA is one of the principal permits required for the development of Cordero and encapsulates extensive social and environmental work programs completed by the Company's team in Mexico since 2020 in parallel with multiple reviews by third-party consultants. Cordero benefits from being located on private land in an area of Mexico (Chihuahua State) where mining has a long history and is a key economic contributor.

For further details on the progress on key de-risking items noted above refer to our news release dated June 22, 2023.

Feasibility Study Drilling:

The Company has drilled over 52,000 m (164 holes) as part of its FS drill program (since the data cut-off for the PFS study). This includes approximately 35,000 m of reserve definition and expansion drilling, 7,000 m of condemnation drilling and 10,000 m of engineering drilling (hydrogeology and geotechnical). Engineering drilling will be ongoing through the remainder of the year along with the property-wide drill program which commenced last month.

Reserve Expansion Drilling – the reserve expansion and definition component of our Feasibility Study drill program is now complete. Highlight intercepts from this drilling include:

- **41 m averaging 197 g/t AgEq¹** (63 g/t Ag, 0.09 g/t Au, 1.2% Pb and 2.7% Zn) from 386 m and **8 m averaging 416 g/t AgEq¹** (195 g/t Ag, 0.23 g/t Au, 2.2% Pb and 4.1% Zn) from 79 m in the core of the South Corridor in hole C22-688.
- **37 m averaging 139 g/t AgEq¹** (58 g/t Ag, 0.05 g/t Au, 0.8% Pb and 1.5% Zn) from 236 m and **104 m averaging 86 g/t AgEq¹** (37 g/t Ag, 0.04 g/t Au, 0.3% Pb and 1.1% Zn) from 91 m in hole C22-705; these intervals were in the southern portion of the South Corridor within the reserves pit.
- **52 m averaging 105 g/t AgEq¹** (51 g/t Ag, 0.19 g/t Au, 0.6% Pb and 0.9% Zn) from 102 m and **37 m averaging 171 g/t AgEq¹** (79 g/t Ag, 0.09 g/t Au, 1.1% Pb and 1.5% Zn) from 276 m in hole C22-722 in the southwest of the South Corridor.
- **15 m averaging 479 g/t AgEq¹** (278 g/t Ag, 0.08 g/t Au, 3.1% Pb and 2.9% Zn) from 145 m in hole C22-713 also in the southwest of the South Corridor.
- **39 m averaging 134 g/t AgEq¹** (104 g/t Ag, 0.17 g/t Au, 0.5% Pb and 0.3% Zn) from 46 m in hole C22-728 in the southwest of the North Corridor.

These positive drill results demonstrate the potential to expand reserves through the conversion of waste to ore within the reserves pit and through the expansion at depth of the reserves pit.

For further details on the drill results noted above refer to our news release dated May 24, and August 2, 2023. 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 quarter ended June 30, 2023, and the Management's Discussion and Analysis ("MD&A") for the quarter ended June 30, 2023.

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

	Q2 2023	Q2 2022
Net loss		
(a) Total	\$ (3,879,721)	\$ (11,986,331)
(b) basic and diluted per share	\$ (0.01)	\$ (0.04)
Net loss & total comprehensive loss	\$ (3,459,046)	\$ (12,055,084)
Total weighted average shares outstanding	386,471,109	338,750,309

	June 30, 2023	December 31, 2022
Cash, cash equivalents & short-term investments	\$ 68,168,006	\$ 46,220,938
Total assets	\$ 149,199,876	\$ 91,583,326
Total current liabilities	\$ 11,057,495	\$ 1,964,868
Working capital ⁽²⁾	\$ 65,661,086	\$ 53,081,932
Total Shareholders' equity	\$ 133,543,316	\$ 89,158,070

(2) Non-GAAP measure defined as current assets less current liabilities from the Company's consolidated financial statements.

About Discovery

Discovery's flagship project is its 100%-owned Cordero project, one of the world's largest silver deposits. The PFS completed in January 2023 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
CEO & Director

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1TECHNICAL 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 is calculated as $\text{Ag(g/t)} + 18.39 \times \text{Au(g/t)} + 30.81 \times \text{Pb(\%)} + 36.54 \times \text{Zn(\%)}$. This calculation is based on metal prices of USD \$22.00/oz Ag, \$1,600/oz Au, \$1.00/lb Pb, \$1.20/lb Zn and life-of-mine average recovery assumptions from the 2023 Pre-Feasibility Study of 87% for Ag, 22% for Au, 86% for Pb and 85% for Zn.

Sample analysis and QA/QC Program

The true width of the veins is estimated to be approximately 70% of the drilled width. 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.

The most recent technical report for the Cordero Project is the 2023 Preliminary Feasibility Study for the Company's Cordero project. The report was completed by Ausenco with support from AGP, Knight Piésold and Hard Rock and is available on Discovery's website and on SEDAR under Discovery Silver Corp.

FORWARD-LOOKING STATEMENTS:

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

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