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## DISCOVERY METALS ANNOUNCES MOBILIZATION FOR 35,000m DRILL PROGRAM AT ITS CORDERO PROJECT

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**September 10, 2019, Toronto, Ontario - Discovery Metals Corp.** (TSX-V: DSV) (“Discovery” or the “Company”) is pleased to announce mobilization for a Phase 1 diamond drilling program on its newly acquired and 100%-owned Cordero project (“Cordero” or “the Project”) located in Chihuahua State, Mexico. Drill permits are in place and Discovery will begin its drill program in the coming days, approximately five weeks ahead of the anticipated commencement date. Discovery’s plan is to drill approximately 30,000-35,000m over the next 12 months with the focus of: (1) delineating and discovering the highest-grade phases and domains of the mineralized system; and (2) testing new high priority areas.

Taj Singh, President and CEO, states: “In just a few short weeks we have made great strides at Cordero. We have integrated our teams, progressed well through our review of historic drilling, planned our first holes, and accelerated the start-up of our drill campaign. We are very excited to be aggressively exploring one of the world’s largest silver projects against a backdrop of rising silver prices and we are confident that our high-grade and high-margin approach at Cordero will add significant value.”

### **Background of the Cordero Project**

Cordero is located on the eastern edge of the Sierra Madre Occidental mountains within the northern extent of the Central Mexican Silver Belt. The Project is also located in one of Mexico’s premier porphyry and carbonate replacement deposit districts, and is similar to well-known nearby bulk-tonnage precious metal operating mines (e.g. Newmont Goldcorp Corporation’s Peñasquito Mine) and projects (e.g. Orla Mining Ltd’s Camino Rojo project).

The bulk-tonnage potential of the Cordero deposit was first recognized in 2009 by Levon Resources Ltd (“Levon”) and the resource area was tested with 132,000m of drilling in 292 holes. The resource estimate for the Project, as currently stated, captures a massive inventory of silver-zinc-lead-gold, making it one of the largest undeveloped silver deposits in the world and thus providing exceptional leverage in a rising silver market. Within this extraordinary in-situ resource, Discovery has identified a compelling opportunity to delineate and expand areas of higher-grade silver that occur through the deposit.

Below in Table 1 is a sensitivity analysis showing the mineral resource, with additional information on grade and tonnage for higher cut-off grades. This table shows that a significant portion of the resource remains even at significantly higher cut-off grades.

**Table 1: 2018 Cordero resource summary – Cutoff grade sensitivity<sup>1</sup>**

| AgEq <sup>1</sup> (g/t)<br>Cutoff | Tonnage & Grade within Mineral Resources Pit Shell |                 |                       |        |      |      |        | Total<br>Contained<br>Ag Mozs | Total<br>Contained<br>AgEq <sup>1</sup> Moz |
|-----------------------------------|--|-----------------|-----------------------|--------|------|------|--------|-------------------------------|---|
|                                   | Class  | Tonnes<br>x1000 | AgEq <sup>1</sup> g/t | Ag g/t | Zn % | Pb % | Au g/t |                               |   |
| 15<br>(used in PEA)               | Indicated  | 990,054         | 32                    | 13     | 0.4  | 0.2  | 0.04   | 407.8                         | 1022.0                                      |
|                                   | Inferred   | 282,217         | 56                    | 21     | 0.8  | 0.3  | 0.04   | 187.5                         | 513.5                                       |
| 25                                | Indicated  | 467,298         | 46                    | 19     | 0.5  | 0.3  | 0.06   | 278.4                         | 685.9                                       |
|                                   | Inferred   | 182,649         | 77                    | 28     | 1.0  | 0.4  | 0.05   | 163.3                         | 450.7                                       |
| 50                                | Indicated  | 99,217          | 95                    | 40     | 1.0  | 0.6  | 0.11   | 128.4                         | 302.8                                       |
|                                   | Inferred   | 100,003         | 112                   | 41     | 1.5  | 0.7  | 0.06   | 131.1                         | 360.3                                       |

Within the Cordero drill database, there are 285 individual intervals with AgEq<sup>2</sup> values above 500 g/t and 1,416 individual intervals with AgEq<sup>2</sup> values above 200 g/t. A selection of examples of high-grade intervals and the longest natural intervals with grades over 200 g/t AgEq<sup>2</sup> at Cordero are shown in the Table 2 and Table 3 respectively. These two tables illustrate both the high-grade selective (underground) and high-grade bulk-tonnage (open-pit) potential of the Project.

**Table 2: Cordero project – Selection of historic high-grade intervals**

| Hole    | From (m) | To (m) | Length (m) | Ag g/t | Zn%  | Pb%  | Au g/t | AgEq <sup>2</sup> (g/t) |
|---------|----------|--------|------------|--------|------|------|--------|-------------------------|
| C10-66  | 256      | 258    | 2          | 3,230  | 11.4 | 2.3  | 0.08   | 3,878                   |
| C11-141 | 472      | 478    | 6          | 993    | 27.3 | 14.6 | 0.29   | 2,887                   |
| C12-251 | 230      | 232    | 2          | 1,150  | 7.7  | 20.4 | 0.52   | 2,779                   |
| C14-271 | 470      | 472    | 2          | 1,179  | 7.3  | 12.4 | 0.20   | 2,311                   |
| C10-29  | 122      | 126    | 4          | 925    | 4.1  | 19.9 | 0.21   | 2,002                   |
| C17-284 | 466      | 468    | 2          | 134    | 2.6  | 2.1  | 17.95  | 1,865                   |
| C10-39  | 72       | 74     | 2          | 732    | 14.0 | 7.5  | 0.53   | 1,738                   |
| C10-32  | 280      | 286    | 6          | 547    | 11.5 | 13.9 | 0.30   | 1,732                   |
| C11-139 | 72       | 76     | 4          | 846    | 1.5  | 16.7 | 0.71   | 1,639                   |
| C12-236 | 54       | 56     | 2          | 830    | 1.6  | 17.2 | 0.30   | 1,581                   |

**Table 3: Cordero project – Selection of longest natural intervals > 200 g/t AgEq<sup>2</sup>**

| Hole    | From (m) | To (m) | Length (m) | Ag g/t | Zn% | Pb% | Au g/t | AgEq <sup>2</sup> g/t |
|---------|----------|--------|------------|--------|-----|-----|--------|-----------------------|
| C14-267 | 216      | 272    | 56         | 68     | 3.6 | 1.0 | 0.14   | 292                   |
| C09-5   | 132      | 180    | 48         | 193    | 3.2 | 3.0 | 1.31   | 562                   |
| C10-26  | 224      | 264    | 40         | 167    | 2.3 | 2.2 | 0.47   | 398                   |
| C11-113 | 320      | 360    | 40         | 61     | 3.4 | 1.1 | 0.06   | 272                   |
| C11-165 | 428      | 466    | 38         | 56     | 2.7 | 2.2 | 0.11   | 277                   |
| C10-31  | 176      | 212    | 36         | 317    | 2.4 | 5.5 | 0.85   | 700                   |
| C10-39  | 44       | 78     | 34         | 92     | 1.4 | 1.3 | 1.50   | 322                   |
| C11-190 | 588      | 620    | 32         | 41     | 3.8 | 0.1 | 0.02   | 234                   |
| C14-275 | 112      | 140    | 28         | 180    | 2.4 | 1.3 | 0.09   | 353                   |
| C10-60  | 246      | 274    | 28         | 37     | 3.3 | 0.7 | 0.02   | 227                   |

A summary of the most recent economics of the Project can be found in Section 1.14 of the 2018 Preliminary Economic Analysis (“PEA”)<sup>1</sup>. The PEA contemplates a 29-year conventional open-pit truck-and-shovel operation with a life-of-mine strip ratio of 0.94, with essentially all of the ore being sulphides. Testwork indicates the ore responds well to a standard crushing / milling / sequential lead and zinc flotation concentration process. Discovery’s goal is to undertake intensive drilling in advance of updating the resource and PEA. Discovery believes that a focus on drilling and defining higher-grade areas of the Cordero deposit and subsequent improved geological modelling and improvements in mine planning, mining methods, process engineering and logistics, may vastly improve the economics of the Project by lowering capital and operating costs.

Table 4 below outlines the economics of the 2018 PEA and, although Discovery intends to significantly rescope the Project, it is mainly shown to illustrate the excellent leverage the Project has to higher silver prices (all metal prices other than silver are kept constant; the same as used in the PEA<sup>1</sup>).

**Table 4: 2018 Cordero PEA – Post-tax economic sensitivities to silver prices<sup>1</sup>**

| Ag Price (US\$/oz) | NPV5% (US\$M) | NPV7.5% (US\$M) | IRR (%) | Cash Costs (US\$/oz AgEq <sup>1</sup> ) |
|--------------------|---------------|-----------------|---------|---|
| \$20               | \$700         | \$426           | 16.5    | \$9.70                                  |
| \$25               | \$1,118       | \$754           | 22.6    | \$10.65                                 |
| \$30               | \$1,536       | \$1,081         | 28.3    | \$11.39                                 |
| \$35               | \$1,953       | \$1,408         | 33.8    | \$11.99                                 |

## **Project update and plans**

In the five weeks since acquiring the Project through its acquisition of Levon, Discovery has:

- successfully completed the integration of the technical teams, under the overall supervision of Gernot Wober, Discovery’s Vice-President of Exploration. Discovery’s Roman Solis continues to serve as Country Manager, and Dave Greenan, who has been on the Cordero project since the discovery in 2009, will continue to act as the Cordero Project Exploration Manager.
- initiated a relogging and review of historical drill core in order to develop a better understanding of the distribution and controls on mineralization, such that high-grade mineralization within the relatively sparsely drilled portions of the deposit can be targeted. To date, the geological team has relogged approximately 30% of the previous Cordero holes.

Discovery’s focus over 2019 and 2020 can be split into two key areas: Cordero deposit and Property-wide. The current plan calls for approximately 20,000-25,000m drilling at the Cordero deposit and 10,000m Property-wide for a total estimated budget of C\$7-8M.

On the Property-wide exploration, Discovery intends to follow up on numerous exploration targets that have been defined outside of the resource area, and to carry out reconnaissance programs to define new targets on the remainder of the property. Prior to Levon's exploration program for bulk tonnage silver-zinc-lead-gold deposits, exploration focused on:

- Narrow, high-grade underground vein and intrusive contact deposits;
- Bulk tonnage porphyry copper and molybdenum potential;
- Gold skarn and porphyry gold deposits.

Currently there are six regional targets outside of the Cordero deposit that require follow-up work and drill testing. A conceptual plan view map of the Cordero property and various target areas is shown in Figure 1.2 of the 2018 PEA<sup>1</sup>.

Historical mine workings and prospects at Cordero date back to the 17th century. There are about 40 shallow, vertical shafts with associated open stopes at Cordero, generally developing outcropping, narrow (1-2 m), high-grade silver, zinc, lead and gold veins as well as high-grade skarn mineralization. Local artisanal miners report most of the past and recent production was direct shipping ore, which was hand-sorted, shipped, and processed in the nearby town of Parral. The La Luz mine was the largest mine and was active in the 1940's. Remnants of a small six-cell floatation mill built by ASARCO remain at La Luz mine.

## **ABOUT DISCOVERY METALS**

Discovery is exploring one of the world's largest silver resources at its 100%-owned Cordero Project in Chihuahua State, Mexico. The 37,000-hectare property covers an entire porphyry district that hosts the announced resource and numerous exploration targets for bulk tonnage diatreme-hosted, porphyry-style, and carbonate replacement deposits. In addition, Discovery is focused on discovering and advancing high-grade silver-zinc-lead deposits in a land package of approximately 150,000 hectares covering a historic mining district in Coahuila State, Mexico. The portfolio of three large-scale, drill-ready projects and several earlier-stage prospects, all with shallow, high-grade mineralization, is situated in a world-class carbonate replacement deposit belt that stretches from southeast Arizona to central Mexico. The land holdings contain numerous historical direct-ship ore workings with several kilometers of underground development, but there was no modern exploration or drill testing on the properties prior to the work carried out by Discovery.

## **REFERENCES**

<sup>1</sup> PEA by M3 Engineering, Resource by IMC, Mar. 1, 2018, Resource commodity prices (\$US): \$17.14/oz Ag, \$1.11/lb Zn, \$0.96/lb Pb, \$1,262/oz Au; Mine plan uses a subset of Indicated and Inferred Resources at 15 g/t AgEq cutoff. AgEq grades do not consider metallurgical or smelting recoveries.

<sup>2</sup>AgEq calculated using (USD): \$16/oz Ag, \$1.15/lb Zn, \$0.85/lb Pb, \$1,250/oz Au. AgEq grades do not consider metallurgical or smelting recoveries.

## TECHNICAL NOTES

**Qualified Person:** Gernot Wober, P.Geol., V.P. Exploration, Discovery Metals 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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