
Discovery Appoints Ausenco as Lead Consultant for Cordero Preliminary Economic Assessment & Provides Project Update

May 12, 2021, Toronto, Ontario - Discovery Silver Corp. (TSX-V: DSV, OTCQX: DSVSF) (“Discovery” or the “Company”) is pleased to provide a project update and to announce the project study team for its Preliminary Economic Study (“PEA” or “the Study”) on the Company’s flagship Cordero project (“Cordero” or “the Project”) located in Chihuahua State, Mexico. The PEA will be led by Ausenco Engineering Canada Inc. (“Ausenco”) and is scheduled for completion in 4Q 2021 and will be based on an updated resource estimate scheduled for completion in 3Q 2021.

Taj Singh, President & CEO, states: *“The objective of our PEA is to establish Cordero as one of the largest producing and longest mine life primary silver mines in the world with costs in the bottom half of the industry cost curve. The Study will be supported by a comprehensive drilling and metallurgical dataset and will be undertaken by an industry-leading project team led by Ausenco with input from specialists across all key mining disciplines. While the Study work progresses we will continue to remain focused on adding value through drilling with our recently commenced Phase 2 drill program.”*

PROJECT UPDATE

Phase 1 drilling: The Company’s Phase 1 drill program concluded at the end of April. The data from the 75,000 m of drilling completed in this program will be used to support the resource update which the PEA will be based on.

Phase 2 drilling: The four drill rigs currently operating on site will continue uninterrupted with Phase 2 drilling which will be focused on three key areas: (1) upgrading inferred resources to indicated for inclusion in a prefeasibility study; (2) resource expansion of bulk-tonnage mineralization; and (3) testing of the width, grade and continuity of the extensive high-grade vein systems that transect the deposit.

Resource update: An updated resource estimate is scheduled for completion in 3Q 2021. The resource estimate will be based on an updated geological model of the deposit that includes the relogging of 110,000 m of historic drilling plus 75,000 m of drilling from the Phase 1 drill program. The resource model will use estimation domains based on structure and lithology. Previous resource estimates did not incorporate these constraints.

Metallurgical testwork: A comprehensive metallurgical testwork program with samples based on both lithology and mining phases is ongoing with results expected in 3Q 2021. The

testwork is being conducted by Blue Coast Research Ltd. (“Blue Coast”) with oversight from Libertas Metallurgy Ltd. (“Libertas”) and Ausenco. The current program will expand on previous metallurgical testwork programs conducted by ALS Ltd. in 2013 and METCON Research Inc. in 2011.

Mining: The Company has already been working with AGP Mining Consultants Inc. (“AGP Mining”) to complete preliminary pit optimization work to assist with drill targeting. Preliminary mine scheduling work has also been completed to evaluate the impact on project economics of different mining rates, mill throughput rates and cut-off grade and stockpiling strategies. The objective of this work is to optimize the Net Present Value (“NPV”) and capital efficiency (ratio of initial capital expenditure to NPV).

Geotechnical / Hydrology / Hydrogeology: Knight Piésold and Co. (USA) (“Knight Piésold”) completed a site visit to Cordero in March 2021. The site visit included a review of drill core to assess pit wall stability, an evaluation of potential tailings and waste storage locations and a preliminary review of the hydrogeological regime at Cordero. Dedicated geotechnical drilling for the open pit is expected to commence this month and will be used to generate pit slope assumptions for the PEA.

ESG: An environmental baseline study managed by CIMA Consultores (“CIMA”) commenced in 1Q 2021 and will be ongoing throughout the year. A desktop social baseline assessment has already been completed by Vinfidem Consultoria (“Vinfidem”) with follow up field work expected to commence later this quarter. Key findings from both sets of work will be included in the PEA. The ESG work will be complemented by the Company’s inaugural ESG report scheduled for publication in 3Q 2021. The report will outline the Company’s ESG approach as it relates to strategy, planning and risk management and will be developed in conjunction with Stratos Inc. (“Stratos”).

PEA PROJECT TEAM

The PEA project team will be led by Ausenco, an industry leader in cost-effective process design and construction. Ausenco is a global company providing innovative, value-add consulting studies, project delivery, asset operations and maintenance solutions in the minerals and metals industry with recent and relevant study, project construction (“EPC”) and construction management (“EPCM”) experience on projects within the Americas. Ausenco has significant experience in Mexico including recently leading the Feasibility Study (& future EPC) for SilverCrest Metals Inc.’s Las Chispas project. Ausenco also has recent experience with process plants of similar size and/or recovery flowsheet to what is expected at Cordero including Trilogy Metals Inc.’s Arctic project in Alaska (Feasibility Study), Hudbay Minerals Inc.’s Constancia mine in Peru (EPCM), Minsur S.A.’s Mina Justa mine in Peru (Feasibility Study & EPCM), Mantos Copper S.A.’s Mantoverde project in Chile (EPC), Artemis Gold Inc.’s Blackwater project (EPC) in Canada and Argonaut Gold Inc.’s Magino project (EPC) in Canada.

Area of Responsibility	PEA Qualified Person	Third Party Input/Review
Principal Author	Ausenco	-
Resource Estimate	Red Dot 3D	RockRidge Consulting
Metallurgy	Ausenco	Libertas / Blue Coast
Processing	Ausenco	-
Mining	AGP Mining	-
Geotech/Hydrology	Knight Piésold	-
Environment	Ausenco	CIMA
Social	Ausenco	Vinfidem

PEA OUTLINE

Study objective: The overarching objective is to deliver a technically robust study supported by a comprehensive dataset and vetted by top-tier independent consultants with third party peer review. The Company’s target for the Study is to outline one of the largest producing primary silver operations in the industry with manageable upfront development capex and operating costs in the bottom half of the industry cost curve.

Process plant: The Study will incorporate staged expansions of the processing facility to reduce the upfront capex and payback period. Production trade-off studies are ongoing however based on preliminary results the initial mill throughput rate is expected to be in the 10,000 – 20,000 tonnes per day (“tpd”) range and the expanded mill throughput is expected to be in the 20,000 – 40,000 tpd range.

Mine plan: The mine schedule will incorporate an elevated cut-off grade early in the mine life and the effective use of stockpiling to accelerate the payback period and maximize the NPV at the set mill throughput rates. A trade-off study comparing the use of contractor mining versus owner-operated mining is ongoing.

QP CONSULTANT / THIRD PARTY LIST

Ausenco – www.ausenco.com

AGP Mining – www.agpmining.com

Blue Coast – www.bluecoastresearch.ca

CIMA – www.cimasc.com.mx

Knight Piésold – www.knightpiesold.com

Libertas - [LinkedIn profile](#)

Red Dot 3D – [LinkedIn profile](#)

RockRidge Consulting – www.rockridgeconsult.com

Vinfidem – www.vinfidem.com.mx

About Discovery Silver

Discovery's flagship project is its 100%-owned Cordero project, one of the few silver projects globally that offers margin, size and scalability. Cordero is located close to infrastructure in a prolific mining belt in Chihuahua State, Mexico, and is supported by an industry leading balance sheet with over C\$90 million available for aggressive exploration, resource expansion and future development. Discovery was a recipient of the 2020 TSX Venture 50 award and the 2021 OTCQX Best 50 award.

On Behalf of the Board of Directors,

Taj Singh, M.Eng, P.Eng, CPA,
President, Chief Executive Officer and Director

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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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