
Discovery Announces 2023 Work Program & Budget for Cordero

January 12, 2023, Toronto, Ontario - Discovery Silver Corp. (TSX-V: DSV, OTCQX: DSVSF) (“Discovery” or the “Company”) is pleased to outline its 2023 work program and budget for its Cordero project (“Cordero” or “the Project”) located in Chihuahua State, Mexico. All amounts are presented in Canadian dollars unless otherwise stated.

Tony Makuch, Interim CEO, states: *“We expect 2023 to be a pivotal year for the Company. Our Pre-Feasibility Study is on track for completion later this month and is expected to position Cordero as one of the largest silver development projects globally. The delivery of the PFS comes at a time when silver demand is expected to grow significantly and where there is an obvious scarcity of large silver projects in the development pipeline.*

Work on our Feasibility Study is already underway and will be focused on optimization opportunities including improved mining and processing efficiencies. Alongside this work we have allocated drill metres to the exploration potential on our large, highly-prospective land package.

We remain committed to working with all local stakeholders through our well-established ESG programs. We also plan to initiate the construction permitting process in the first half of the year which has the potential to position the Project for a construction decision in the second half of 2024. With a cash balance of over \$45 million and no debt we remain well positioned to fund our 2023 work program at Cordero budgeted at \$26 million.”

PROJECT SCHEDULE & BUDGET

The Company anticipates delivering the Cordero Pre-Feasibility Study (“PFS”) by the end of the month. The Feasibility Study (“FS”) is already being advanced and is expected to be completed in 1Q 2024. Construction permitting for Cordero will be undertaken in-parallel with the FS work, with the submission of the Environmental Impact Statement (“Manifiesto de Impacto Ambiental” or “MIA”) expected to be made to the Mexican Federal Environmental Department (“SEMARNAT”) in the first half of 2023. Assuming a 12 to 18 month permitting timeline, this would position the Company to make a construction decision in the second half of 2024.

The 2023 work programs are budgeted at \$26 million. The Company is well positioned to fund this work with a cash balance of over \$45 million and no debt at the end of 2022.

2023 DRILL PLANS

Details on the allocation of the 26,500 metre 2023 drill program are provided below.

Item	Details	Drill Metres
Feasibility Study	Engineering, hydrogeology & geotechnical drilling	17,500 m
Property-wide Targets	Drill testing of four property-wide targets	9,000 m
Total		26,500 m

FEASIBILITY STUDY

The FS is expected to be completed in the first quarter of 2024. It is anticipated the study will use a similar approach to the PFS, including staged expansions of the processing facility and the effective use of stockpiling to accelerate the payback period. Key areas for optimization in the FS include improved mine unit production efficiencies through optimal mine equipment selection and improved metallurgical performance and lower processing costs through rock type and oxide/sulphide blending and reagent substitution. Further details on additional technical work supporting the FS include:

- **Reserve definition** – 28,500 m of drilling was completed in 2022 subsequent to the cut-off date for the PFS. This drilling has been focused on upgrading the resource classification within the open pit and expanding and upgrading resource blocks between the open pit and the Resource constraining pit shell. This drilling will be incorporated in a Resource and Reserve update in conjunction with the completion of the FS.
- **Metallurgical testwork**
 - Sulphides: additional variability testwork focused on further optimization opportunities in the comminution and flotation circuits.
 - Oxide/Sulphide blending: testing higher proportions of oxides (20% and higher) for the co-processing of oxides and sulphides will be completed (PFS testwork focused on oxide-sulphide blends at ~10% oxides / ~90% sulphides).

This testwork will be supported by additional mineralogy work aimed at increasing metallurgical recoveries and lowering operating costs through optimizing rock type and oxide/sulphide blends.

- **Mining** – more detailed mine scheduling during the payback period will be completed along with an evaluation of optimal bench height and mine equipment sizing to potentially increase the size of mining equipment and reduce unit mining costs.
- **Process design** – the process design for the FS will incorporate the additional comminution testwork to be completed in 2023. Work will focus on opportunities to increase throughput and decrease power and grinding media consumption. Additional work will evaluate alternative flotation technologies, including Jameson Cells, as well as further optimization of thickening and filtration systems. During the FS, detailed engineering is expected to be advanced to 25% of the total engineering required for the Project build.

- **Tailings storage facility** – work will be focused on optimizing the tailing storage design as well as the water efficiency and recirculation within the tailings storage facility. Further work will be completed on the option to use dry stacked tailings (the PFS will assume high-density thickened tailings).
- **Hydrogeology** – three large-diameter pump test wells of the local aquifer are planned in 2023. These test wells will supplement the six hydrogeology holes drilled in 2022 and will result in an updated assessment of pit dewatering requirements and will form part of the basis for the site water balance in the FS. Additionally, a regional geophysics survey and hydrogeological drilling are planned as part of a broader hydrogeological investigation of the local aquifer.
- **Geotechnical** – additional geotechnical site investigations of key infrastructure locations will be completed as part of the FS. This work will be focused on the proposed locations of the tailings storage, waste rock storage, ore stockpile and process plant facilities. Follow-up work on pit slope analysis is expected to be limited in scope given the detailed geotechnical work completed to date.
- **Power** – an additional power study will be completed that will detail the technical specifications and support the permitting process for the installed power line.

PROPERTY-WIDE EXPLORATION

Exploration on property-wide targets has been ongoing at Cordero since March 2021. Work completed to date includes geological mapping, surface rock and soil sampling, geophysics and diamond drilling. The five main target areas identified to-date are Sanson, Porfido Norte, Dos Mil Diez, Molino de Viento, and La Perla. Discovery completed 4,500 m of preliminary reconnaissance drilling in 10 drill holes at Sanson and Porfido Norte in 2022.

In 2023 an initial 9,000 m drill program is planned across the four targets listed below. This program may be expanded depending on the results of the initial program and if additional targets are identified by the geophysics surveys currently in progress. A map showing the location of these target areas can be found at the following link: [Property wide targets](#)

- **Sanson** – Sanson is interpreted to sit above the source intrusion of the Cordero mineralization based on a large, intense magnetic anomaly coincident with intense silica alteration and anomalous levels of molybdenum (100 – 400 ppm). Drilling in 2023 will target several large chargeability anomalies identified from a recently completed induced polarization (“IP”) geophysics survey that covered the edge of the alteration zone. These targets are to the northeast and northwest of the drilling completed at Sanson in 2022.
- **Dos Mil Diez** – drilling will target three chargeability anomalies identified by an IP survey completed in 4Q 2022. Dos Mill Diez is located in area of mapped intrusives, veining and alteration and is situated directly to the southwest of the Cordero resource area.
- **La Perla** – drill targeting is focused on a zone of anomalous silver from rock sampling within a very large alteration footprint and high chargeability / low resistivity anomalies defined by the geophysics program completed in 2022.

- **Cordero Deep Skarn** – drilling in 2022 encountered strong skarn alteration that returned mineralized intervals at depth in the northeast of the Cordero deposit. Several deep holes are planned to follow up on these previous intervals to vector towards stronger skarn alteration that may have the potential to host high-grade mineralization.

ENVIRONMENT, SOCIAL & GOVERNANCE

Discovery made significant progress on its Environmental, Social and Governance (“ESG”) initiatives in 2022. Toward the end of the year the Company received its official ESR Certification. This certification is issued by the Mexican Center for Philanthropy to organizations that have demonstrated they operate in a socially and environmentally responsible manner. The Company also received its Great Place to Work Certification which recognizes companies that create an outstanding employee experience through building a workplace culture of trust, credibility, respect, pride and collaboration.

The Company is committed to maintaining full compliance with these certifications in 2023, and is working towards the attainment of the following additional certifications:

- **Clean Industry Certification** – this certificate requires an audit by the Mexican government entity PROFEPA (Federal Attorney’s Office for Environmental Protection) focused on the Company’s policies and procedures regarding waste management, ecological footprint, water, emissions, soil, biodiversity and other environmental compliance.
- **Safe Industry Certification (Level 2)** - this certificate is issued by the Mexican Government’s Secretary of Labor and requires full legal compliance with over 20 Health and Safety Standards as outlined by the Mexico Federal Government.
- **International Association for Sustainable Economy (“IASE”) Qualification** – the IASE certification is a globally-recognized three-tiered qualification requiring compliance with the highest professional and ethical standards for ESG professionals worldwide. Currently nine employees have completed Level 1 (foundational) and two employees have completed Level 2 (intermediate). It is anticipated that several more employees will complete Levels 1 and 2 in 2023 with two employees aiming to complete the final Level 3 (expert).

Discovery will also continue to advance its community programs through the course of the year. In 2022, the Company signed an alliance with the Parral municipality aimed at improving access to social services for vulnerable groups in the local population, specifically in relation to medical assistance. Through this alliance the Company donated a mobile medical unit to the Parral municipality and provided assistance with the construction of a local medical clinic. In 2023, Discovery will continue to sponsor the supply of equipment and medicine to the medical unit and clinic to maintain the capacity of these facilities to serve approximately 70,000 people per annum. The Company will continue with its other social programs, as described in its [second annual ESG report](#), to support stakeholders within the Parral municipality in 2023.

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 cash of approximately C\$45 million and no debt.

On Behalf of the Board of Directors,

Tony Makuch, P.Eng

Interim CEO

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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.Geol., 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 NOTES & FORWARD-LOOKING STATEMENTS:

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.

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