
DISCOVERY RETURNS STRONGEST GRADES TO DATE FROM ITS PUERTO RICO PROJECT CHANNEL SAMPLING PROGRAM

Highlights

- Results received from 71 new underground channel samples, all from the Chuyon level in the San Jose mine at the Puerto Rico project.
- Current sampling returned the highest average ZnEq manto grade of any other historic level sampled to date at the Puerto Rico project, at 28.2% ZnEq.
- Cu values were consistently strong across the level, indicating potential proximity to an intrusive source. The highest Cu sample was 1.4m of 5.1% Cu and 43 g/t Ag. High Cu values were primarily observed in chimneys / faults, which had an average grade of 0.8% Cu, 50g/t Ag, 4.0% Zn, and 3.5% Pb (9.2% ZnEq). The main chimney has a width of up to 6m and is open along strike and vertically (at depth and above).
- The new samples also returned the two highest-grade Zn and Pb channels to date:
 - 0.5m of 97 g/t Ag, 45.6% Zn, 0.6% Pb, 0.1% Cu (47.8% ZnEq)
 - 0.7m of 440 g/t Ag, 17.2% Zn, 49.5% Pb, 0.3% Cu (58.0% ZnEq)

July 18, 2018 - Discovery Metals Corp. (TSX-V: DSV) (“Discovery” or the “Company”) is pleased to announce the first batch of assay results from its detailed underground channel sampling program at the San Jose mine (“San Jose”), one of three historic mines comprising its flagship Puerto Rico project (“Puerto Rico” or “the Project”) in northern Coahuila State, Mexico. This follows up on sampling carried out at the Zaragoza mine (“Zaragoza”), located approximately 0.5km away SE along strike (results available at www.dsvmetals.com).

Taj Singh, P.Eng, President & CEO, states, “These new assay results from San Jose are the highest grades we’ve seen to date at the Project. These, along with the strong sampling results received over the past several months from our sampling program at Puerto Rico, have continually reaffirmed its potential as a world-class carbonate replacement deposit. The results are bringing the Project into focus, with several very strong drill targets emerging. Our understanding of the system has greatly increased since the beginning of the sampling program and we continue to expect drilling commencement in 2H 2018, once our surface exploration and drill targeting work is completed.”

Results & Discussion

Based on Discovery’s recent survey work, San Jose contains approximately 630m of underground drifts and stopes over four levels (from bottom to top: the Chuyon, Haulage, Rope and Upper levels) with all 71 channel samples taken from the Chuyon level. Channel samples

were collected at 3-5m intervals along both sides of the entire length of the developed workings. This first batch of assay results represents approximately 140m of workings. Sampling methodology is outlined in detail in the Technical Notes section of this release; sampling locations and widths were restricted to the extent of historic workings. The table below highlights assay results of 15 of the most significant channels from the Chuyon level:

Sample number	Width (m)	Ag (g/t)	Zn (%)	Pb (%)	Cu (%)	AgEq (g/t)	ZnEq (%)	Mineralization type / Host rock
215614	0.7	440	17.2	49.5	0.3	3,501	58.0	manto
215629	0.5	97	45.6	0.6	0.1	2,889	47.8	wallrock
215593	0.7	511	23.8	16.1	0.2	2,623	43.4	manto
215598	1.0	324	32.8	4.0	0.2	2,481	41.1	manto
215595	1.1	363	26.6	3.9	0.6	2,195	36.4	manto
215647	0.7	118	30.0	0.9	0.1	1,983	32.8	wallrock
215622	1.2	373	15.7	11.7	0.9	1,903	31.5	manto
215632	0.4	47	29.4	1.7	0.1	1,901	31.5	fault
215592	0.5	237	2.6	35.8	0.2	1,855	30.7	fault
215646	0.3	609	15.5	4.1	0.8	1,802	29.8	manto
215627	1.7	32	27.4	0.8	0.2	1,735	28.7	manto
215608	0.8	145	23.6	2.5	0.1	1,682	27.9	manto
215569	0.5	119	13.6	15.6	0.1	1,581	26.2	manto
215624	0.5	153	10.6	17.8	0.1	1,524	25.2	manto
215634	1.0	114	5.6	23.6	0.1	1,414	23.4	fault

Note: All numbers in this news release are rounded and assays are uncut and undiluted; ZnEq calculation based on USD \$17/oz Ag, \$1.50/lb Zn, \$1.00/lb Pb, \$3.00/lb Cu and does not consider metallurgical recovery.

Key Points:

- San Jose returned the highest single value samples of Zn (45.6%), Pb (49.5%) and Cu (5.1%) seen to date on the Project;
- One manto (N80°W strike, 25-35°NE dip), one chimney (N42°W, 70°SW dip), and two mineralized faults (N30°W strike, 45-55°SW dip) were identified.
- A significant degree of consistency was documented throughout the high-grade results. Over the entire level, the average grades of the key mineralization types were:
 - manto (14 samples) – 229 g/t Ag, 17.6% Zn, 9.3% Pb, 0.3% Cu (28.2% ZnEq); and
 - chimney / faults (33 samples) – 50 g/t Ag, 4.0% Zn, 3.5% Pb, 0.8% Cu (9.2% ZnEq).
- Cu values were materially higher than those returned from Zaragoza, indicating potential proximity to an intrusive source. The highest values of Cu were hosted within chimneys and faults. The two top Cu channel samples were:
 - 1.4m of 5.1% Cu, 43 g/t Ag, 0.4% Zn+Pb in sample 215584; and
 - 1.2m of 3.5% Cu, 21 g/t Ag, 0.2% Zn+Pb in sample 215585.
- The manto width ranges from 0.5-1.5m (restricted by dimensions of workings) and is open in all directions laterally (along strike and dip width).

- The chimney width ranges from 1-6m, with the main part of the chimney having a width of 5-6m. The chimney is open along strike and vertically (at depth and to above levels).
- The mineralized faults widths range from 0.4-1.4m, and are open along strike and vertically (at depth and to above levels).
- The wallrock on the Chuyon level was well mineralized and posted the highest average ZnEq grade of all wallrock in underground workings sampled thus far at the Project. The wallrock averaged 20 g/t Ag, 3.9% Zn, 0.8% Pb, and 0.2% Cu (5.0% ZnEq). This continues to suggest that larger mining widths may be possible rather than selectively mining mantos, chimneys, and faults individually;
- The alteration types and mineralization at San Jose are very similar to those seen at Zaragoza. Ag-Pb-Zn-Cu mineralization is present in limestone-hosted flat-lying mantos and sub-vertical chimneys and faults. These mineralized bodies have undergone surficial oxidation, resulting in a mix of metal-bearing sulphides and oxides. The predominant alteration types occurring at San Jose include moderate to strong recrystallization of limestone wallrock, calcite veining, and iron oxide alteration.

Project Plans

Sampling of the San Jose mine area is complete, and the remaining results are expected in the coming weeks, while sampling of the Puerto Rico mine area is still underway. In addition to the underground mapping program at the Project, Discovery is carrying out a detailed and property-wide structural study to identify controls on mineralization and aid in drill targeting. Additionally, within the next several weeks the Company is also planning to conduct a magnetic survey on the Project in preparation for drilling later in 2H 2018.

On Behalf of the Board of Directors

“Taj Singh”

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

REFERENCES

For a full table of results, maps and graphics related to this news release, please refer to:

<https://dsvmetals.com/site/assets/files/5187/2018-july-nr-sj-results-1-appendix.pdf>

TECHNICAL NOTES

Sample analysis and QA/QC Program: The rock chip and channel samples were taken perpendicular to mineralization, with variable length (across width of mineralization, typically 0.5m-2.5m) and a minimum channel thickness of 60mm and minimum channel depth of 30mm. The entire volume of each chip or channel sample was transported from site by ALS and prepared at the ALS lab facilities in Zacatecas and Chihuahua facilities, with splits of pulps shipped to the ALS lab in Vancouver for analysis. Samples were analyzed for gold using (1) a standard fire assay with a 30-gram pulp and Atomic Absorption (AA) finish for gold; and (2) Thirty-element inductively coupled plasma atomic emission spectrometry ("ICP-AES"). Over limit sample values were re-assayed for: (1) values of zinc > 10%; (2) values of lead > 10%; and (3) values of silver > 100 g/t. Samples were re-assayed using the ME-OG62 (high-grade material ICP-AES) analytical package. For values of zinc or lead greater than 30%, a third re-assay using the Zn-VOL50 or Pb-VOL50 (potentiometric titration) analytical method was used while values of silver greater than 1,500 g/t, were re-assayed using the Ag-CON01 analytical method, a standard fire assay with 30g pulp and gravimetric finish. Certified standards and blanks were routinely inserted into all sample shipments to ensure integrity of the assay process.

Qualified Person: Taj Singh, M.Eng, P.Eng, President and CEO, 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.

ABOUT DISCOVERY METALS

Discovery Metals is focused on discovering and advancing high grade polymetallic deposits in a recently assembled land package of approximately 300,000 hectares over a large and historic mining district in northern Coahuila State, Mexico. The portfolio of seven key properties, all with shallow high-grade silver-zinc-lead mineralization, is situated in a world class CRD belt that stretches from southeast Arizona to central Mexico. The land holdings contain numerous historical direct-ship ore workings with approximately 4km of underground development. No modern exploration or exploration drill testing has been carried out on the properties prior to Discovery's time on the projects.

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