

Discovery Announces 2021 Work Program & Budget at Cordero

January 19, 2021, Toronto, Ontario - Discovery Metals Corp. (TSX-V: DSV, OTCQX: DSVMF) (“Discovery” or the “Company”) is pleased to outline its 2021 work program and budget for its flagship Cordero project (“Cordero” or “the Project”) located in Chihuahua State, Mexico. All amounts are presented in Canadian dollars unless otherwise stated.

Taj Singh, President and CEO, states: *“We anticipate 2021 will be a transformative year where we firmly establish Cordero as one of the few silver projects globally that offers margin, size and scalability. Our focus is to both de-risk the Project by delivering a technically robust PEA, and to deliver resource growth, by expanding known zones and making new discoveries. We plan to complete 66,000 m of drilling outlined as follows:*

| 2021 Drill Program - 66,000 m | | |
|------------------------------------|---|--|
| | Phase 1 drilling - 20,000 m 1Q 2021 - 2Q 2021 | Phase 2 drilling - 46,000 m 2Q 2021 - 4Q 2021 |
| Bulk-tonnage mineralization | Resource definition - deliver new resource estimate followed by revamped PEA | Reserve definition - upgrade resource for inclusion in PFS Resource expansion - target 'blue sky' potential |
| High-grade veins | Resource development - initial testing of grades & continuity | Resource definition - initial infill drilling |
| Property-wide targets | | Discovery - initiate scout drilling on property-wide targets |

“Other key project development milestones for 2021 include completion of social baseline assessment and progress on environmental baseline studies. Our planned work for metallurgy, processing, geotech and hydrology will go above and beyond what is typically included in a PEA study and will identify areas where we can accelerate pre-feasibility work.

“Our current cash balance of approximately \$82 million places us in a very strong position to fund our planned expenditures at Cordero this year of approximately \$26 million. Recent investment in on-site infrastructure will allow us to maintain strict COVID-19 protocols and should ensure we can complete our proposed work program in a safe and efficient manner. We will continue to closely monitor the health and safety situation at site and if practicable, we will look to expand our drill program if it is deemed safe to do so.”

2021 DRILL PLANS

We plan on completing 66,000 m of drilling in 2021 based on four drill rigs operating throughout the year. This program and the number of drill rigs may be expanded when the Company is confident that the health and safety risks related to COVID-19 can be managed effectively.

Further details on the allocation of 2021 drill metres are provided in the table below. Based on the excellent results from drilling in the South Corridor, our Phase 1 drill program has been expanded by 10,000 m to 65,000 m. Our Phase 1 drill program will be completed in 2Q 2021 and will be immediately followed by our Phase 2 drill program. The total amount and allocation of drill metres in our Phase 2 drill program is still to be determined and will be based on a detailed review this quarter of all drill results to date.

| | 2019 | 2020 | 2021 | Total | Details |
|--|-------|--------|--------|------------------|--|
| Phase 1 Drilling <i>(metres)</i> | 6,000 | 39,000 | 20,000 | 65,000 | Bulk-tonnage mineralization – resource definition (for 2021 resource update & PEA) High-grade veins – initial testing of grades & continuity |
| Phase 2 Drilling <i>(metres)</i> | - | - | 46,000 | To be determined | Bulk-tonnage mineralization – upgrade resource (for PFS) & resource expansion High-grade veins – resource definition Property-wide targets – initial scout drilling |
| Total | 6,000 | 39,000 | 66,000 | | |

BALANCE SHEET

We ended 2020 with a cash balance of approximately \$82 million and no debt. Our planned work program at Cordero in 2021 is budgeted at \$26 million. Expenditures for the year reflect an accelerated approach to de-risking the Project while still allocating growth capital to resource expansion and property-wide exploration. We have a significant cash balance beyond our proposed 2021 budget spend that will allow us to expand our work program, if feasible within COVID-19 constraints, as well as to rapidly advance the Project to a construction decision beyond 2021.

RESOURCE ESTIMATE & PRELIMINARY ECONOMIC ASSESSMENT

Our objective is to deliver a technically robust PEA that demonstrates Cordero is a high-margin silver project with size and scaleability. The PEA will be focused on the bulk-tonnage domain and will be supported by more than 350 drill holes and 180,000 m of drilling and two programs of detailed metallurgical testwork. Key milestones include:

- **Phase 1 drill program** – based on our results to date we have expanded our Phase 1 program to 65,000 m (an increase of 10,000 m). We expect to complete the remaining 20,000 m of this expanded Phase 1 program in 2Q 2021.
- **Metallurgical testwork** – sampling for the metallurgical testwork is based on both mining phase and lithology. The program will consist of comminution testwork, flotation optimisation, preconcentration testwork and high-level environmental testwork. Results are expected to be received in 2Q 2021.
- **Resource estimate** – the resource estimate will be focused on the bulk-tonnage domain only and will incorporate all historical data and data from Phase 1 drilling. The resource update is expected to be completed in 3Q 2021.
- **PEA** – the ‘base case’ mine plan in the PEA will be based on a conservative silver price and will incorporate staged expansions of the throughput rate at the planned processing facility. Scheduling will prioritise higher grades early in the mine life to expedite payback. The study will be based on the updated resource model and all metallurgical testwork and is expected to be completed in 4Q 2021. To demonstrate the scalability of Cordero we also anticipate including a ‘blue sky’ alternative as an addendum that looks at the impact of higher silver prices on Project throughput and optimization.

HIGH-GRADE VEINS

Phase 1 drilling of the high-grade vein trends that transect the deposit has focused on testing the limits and continuity of the vein trends and has yielded highly encouraging results. In Phase 2, the focus of vein drilling will transition to resource definition with the objective of publishing an initial resource estimate of the high-grade veins in 2022.

PRE-FEASIBILITY STUDY

- **Phase 2 drill program** – a key focus of our Phase 2 drill program will be on upgrading any inferred mineral resources within the PEA mine plan to allow the inclusion of these ounces in the PFS mine plan. This infill drilling is expected to commence in 3Q 2021 following a review of all Phase 1 data.
- **Gap analysis** – as part of our PEA we will be completing a gap analysis for metallurgy, processing, geotech and hydrology to identify the data gaps required to advance the project to a PFS level. This analysis will allow us, where appropriate, to commence PFS level work for these items in 2H 2021 in order to accelerate the delivery of a PFS for Cordero.

CORPORATE RESPONSIBILITY

- **Health & safety** – managing health and safety during the COVID-19 pandemic will remain a key priority during the year. Risk mitigation measures include recent investment in on-site infrastructure to accommodate social-distancing requirements, enhanced testing and travel restrictions.
- **Environment** – CIMA Consultores Ambientales, a consulting firm based in Chihuahua, Mexico, was engaged in 3Q 2020 to complete an environmental baseline study at Cordero.

Field work associated with the study has been delayed due to COVID-19 restrictions. We anticipate commencing field work in 1H 2021 and completing the study in 1H 2022.

- **Community relations** – we engaged Vinfidem Consultoria, a consulting firm based in Sonora, Mexico, in 3Q 2020 to complete a social baseline study of the local municipalities associated with Cordero. The objective of the study is to identify and evaluate the potential social impact of the project. The study is expected to be completed in 3Q 2021.

PROPERTY-WIDE EXPLORATION

- **Target generation** – we have strengthened our exploration team in Mexico in order to rapidly advance a detailed field mapping and sampling program on our property-wide targets in 2021.
- **Reconnaissance drilling** – initial drill testing of property-wide targets is expected to commence in the 4Q 2021 following the completion of field work on our high priority targets.

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About Discovery

Discovery's flagship project is its 100%-owned Cordero silver project in Chihuahua State, Mexico. Our drill results to date show that Cordero is developing all the attributes of a tier 1 project – grade, scale, significant organic growth opportunities and well located in one of Mexico's premier mining belts. The project is supported by an industry leading balance sheet with over \$80 million of cash allocated for aggressive exploration, resource expansion and future development.

On Behalf of the Board of Directors,

Taj Singh, M.Eng, P.Eng, CPA,

President, Chief Executive Officer and Director

Qualified Person

Gernot Wober, P.Geo, VP 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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