
Discovery Reports Q2 2021 Financial Results and Update

August 26, 2021, Toronto, Ontario – Discovery Silver Corp. (TSX-V: DSV, OTCQX: DSVSF) (“Discovery” or the “Company”) is pleased to announce its financial results for the three months ended June 30, 2021 (“Q2 2021”), and to provide a summary of key events for the quarter and subsequent to quarter-end. All amounts are presented in Canadian dollars (“C\$”) unless otherwise stated.

Discovery’s flagship project is our 100%-owned Cordero project (“Cordero” or the “Project”) located in Chihuahua State, Mexico. We are aggressively advancing the Project through a 66,000 metre (“m”) drill program in 2021 focused on delineating a high-margin silver project with size and scalability.

HIGHLIGHTS FROM Q2 2021 & SUBSEQUENT EVENTS:

Financial:

As at June 30, 2021, we had a cash and cash equivalents and short term investment balance of \$88.0 million. The Company’s cash position as of the date of this release is approximately \$83.6 million.

Exploration:

At Cordero, we have now received all assays that will be used to support the bulk-tonnage resource update scheduled for release later this quarter. This new drill data, totaling 91,000 m (223 holes), will supplement the historical drilling completed on the property. The preliminary economic assessment (“PEA”) remains on schedule for delivery in 4Q 2021.

The four drill rigs on site continued uninterrupted with Phase 2 drilling. Phase 2 drilling will be focused on reserve definition, resource expansion and high-grade vein delineation.

PEA update

We announced during the quarter the PEA will be led by Ausenco, an industry leader in cost-effective process design and construction, with input from specialists across all key mining disciplines. The overarching objective is to deliver a technically robust study that outlines 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.

Support work for the study is progressing well. A comprehensive metallurgical testwork program is now complete with results expected to be received later this quarter. Process design work as well as development of capex and operating cost inputs for processing and

mining continues to be advanced. Knight Piésold and Co. (USA) are close to completing their assessment of pit wall stability based on two dedicated geotechnical drill holes in the North Corridor and a review of drill core in the South Corridor. Knight Piésold have also completed preliminary work on the overall site layout including the potential location of the tailings storage facility.

Bulk-tonnage drilling

Our recent drilling has expanded the higher-grade bulk-tonnage domain by more than 250 m northeast, along strike in the South Corridor. This domain has now been defined over a strike length of approximately 1.4 km and drilled to a depth of 500 m and remains open below this. Higher-grade zones of mineralization are typically flanked by medium and lower-grade mineralization pointing to the scaleability of the mineralized system at Cordero.

Select drill highlights during Q2 2021 and subsequent to quarter-end from our bulk-tonnage targets include:

- **217.3 m averaging 194 g/t AgEq¹** from 39.3 m (75 g/t Ag, 0.45 g/t Au, 1.1% Pb and 1.0% Zn) in hole C21-481 including **81.9 m averaging 254 g/t AgEq¹** (99 g/t Ag, 0.54 g/t Au, 1.5% Pb and 1.4% Zn)
- **132.6 m averaging 260 g/t AgEq¹** from 204.7 m (78 g/t Ag, 0.11 g/t Au, 1.7% Pb and 2.8% Zn) in hole C21-479 including **46.3 m averaging 448 g/t AgEq¹** (110 g/t Ag, 0.10 g/t Au, 2.4% Pb and 5.9% Zn) and **21.5 m averaging 748 g/t AgEq¹** (194 g/t Ag, 0.12 g/t Au, 4.2% Pb and 9.6% Zn)
- **86.2 m averaging 192 g/t AgEq¹** from 312.5 m (51 g/t Ag, 0.09 g/t Au, 1.2% Pb and 2.2% Zn) in hole C21-476 including **36.5 m averaging 372 g/t AgEq¹** (97 g/t Ag, 0.16 g/t Au, 2.3% Pb and 4.3% Zn)
- **65.9 m averaging 258 g/t AgEq¹** from 309.4 m (69 g/t Ag, 0.11 g/t Au, 0.7% Pb and 3.7% Zn) in hole C21-417
- **128.2 m averaging 165 g/t AgEq** from 312.4 m (65 g/t Ag, 0.05 g/t Au, 1.2% Pb and 1.3% Zn) including **26.1 m averaging 263 g/t AgEq¹** (109 g/t Ag, 0.06 g/t Au, 2.0% Pb, 1.9% Zn) in hole C20-405

High-grade vein drilling

We continue to demonstrate the excellent potential of the high-grade vein systems that transect the deposit. At Josefina we have consistently intercepted bonanza grades along 1.5 km of strike extent. At the 1.5 km Todos Santos vein trend we continue to expand the drill-confirmed strike extent with recent step out holes 250 m to the southwest and 250 m to the northeast from our previous drilling intercepting high-grade vein mineralization.

Select drill highlights from these veins during Q2 2021 and subsequent to quarter end include:

Josefina Vein Trend

- **4.1 m averaging 1,043 g/t AgEq¹** from 304.5 m (520 g/t Ag, 0.11 g/t Au, 3.0% Pb and 9.8% Zn) in hole C21-421

- **1.1 m averaging 3,934 g/t AgEq¹** from 404.8 m (1,570 g/t Ag, 16.25 g/t Au, 7.0% Pb and 19.0% Zn) in hole C21-457
- **1.1 m averaging 3,424 g/t AgEq¹** from 92.2 m (1,960 g/t Ag, 0.32 g/t Au, 15.4% Pb and 21.6% Zn) within **28.5 m averaging 245 g/t AgEq¹** (122 g/t Ag, 0.06 g/t Au, 1.1% Pb and 1.9% Zn) in hole C21-435

Todos Santos Vein Trend

- **2.2 m averaging 403 g/t AgEq¹** from 157.5 m (163 g/t Ag, 0.17 g/t Au, 2.8% Pb and 3.1% Zn) in hole C20-404
- **1.0 m averaging 589 g/t AgEq¹** from 258.1 m (160 g/t Ag, 0.39 g/t Au, 3.8% Pb and 6.4% Zn) in hole C21-409
- **2.1 m averaging 558 g/t AgEq¹** from 73.3 m (160 g/t Ag, 0.27 g/t Au, 3.3% Pb and 6.3% Zn) in hole C21-418

For drill results noted above, refer to news releases dated April 20, May 26, June 22, July 13, August 5 and August 25, 2021, for further details.

COVID-19:

Despite the increased risk that the Delta variant poses to future exploration at the Project, all the drilling required to complete the updated resource has now been completed and the Company remains on-track to deliver it by the end of Q3 and an updated PEA in Q4. To-date, health and safety protocols and the efforts of employees and contractors to manage COVID-19 have been effective and the Company continues drilling with four diamond core rigs.

LOOKING AHEAD:

We are looking forward to releasing our updated resource estimate later this quarter. The resource will be supported by updated geological and structural models and data from approximately 200,000 metres of drilling from more than 500 drill holes. The resource update will be followed by a revamped PEA in 4Q 2021. The PEA will consider staged expansions to reduce upfront capex and an elevated cut-off grade strategy and effective use of stockpiling to accelerate the payback period. The study will be vetted by industry leading consultants and supported by a comprehensive dataset including three rounds of metallurgical testwork.

We are already planning for next year with our ongoing Phase 2 drill program focused on reserve definition for an expected pre-feasibility study on the project for 2022. Alongside this infill drilling we will remain focused on potential resource expansion of bulk-tonnage mineralization as well as ongoing testing of the grade and continuity of the high-grade veins that transect the deposit. Our property wide mapping and sampling program also continues to progress well with targets expected to be finalized through the remainder of the year ahead of initial drill testing early next year.

We are also close to completing the Company's inaugural ESG report which we expect will be published in 4Q 2021. The report will provide a framework of our ESG pillars and principles

and is reflective of our commitment to operate in a safe and responsible manner and to have a positive impact on local communities as we diligently advance Cordero toward a construction decision over the coming years.

SELECTED FINANCIAL DATA:

The following selected financial data is summarized from the Company's condensed interim consolidated financial statements and related notes thereto (the "Financial Statements") for the three months ended June 30, 2021.

A copy of the Financial Statements and MD&A is available at www.discoverysilver.com or on SEDAR at www.sedar.com.

| | Q2 2021 | Q2 2020 |
|---|----------------|----------------|
| Net loss | | |
| (a) Total | \$ (8,709,519) | \$ (1,747,677) |
| (b) basic and diluted per share | \$ (0.03) | \$ (0.01) |
| Net loss & total comprehensive loss | \$ (8,736,684) | \$ (1,936,075) |
| Total weighted average shares outstanding | 324,892,666 | 226,123,323 |

| | June 30, 2021 | December 31, 2020 |
|---|----------------------|-------------------|
| Cash, cash equivalents & short-term investments | \$ 87,955,295 | \$ 82,547,897 |
| Total assets | \$ 116,923,661 | \$ 111,564,881 |
| Total current liabilities | \$ 1,825,301 | \$ 982,260 |
| Total liabilities | \$ 1,842,299 | \$ 1,023,349 |
| Working capital | \$ 86,871,096 | \$ 82,435,046 |
| Total Shareholders' equity | \$ 115,081,362 | \$ 110,541,532 |

About Discovery

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 approximately C\$84 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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TECHNICAL NOTES & REFERENCES:

¹All results in this news release are rounded. Assays are uncut and undiluted. Widths are drilled widths, not true widths, as a full interpretation of the actual orientation of mineralization is not complete. Intervals were chosen based on a 20 g/t AgEq cutoff with no more than 10 m of dilution. AgEq calculations are used as the basis for total metal content calculations given Ag is the dominant metal constituent as a percentage of AgEq value in approximately 70% of the Company's mineralized intercepts. AgEq calculations for reported drill results are based on USD \$16.50/oz Ag, \$1,350/oz Au, \$0.85/lb Pb, \$1.00/lb Zn. The calculations assume 100% metallurgical recovery and are indicative of gross in-situ metal value at the indicated metal prices. Refer to notes below for metallurgical recoveries assumed in the 2018 PEA completed on Cordero.

The most recent technical report for the Cordero Project is the 2018 Preliminary Economic Assessment (PEA) authored by M3 Engineering and Technology Corp and includes the most recent resource estimate, completed by Independent Mining Consultants, Inc. It is available on Discovery's website and on SEDAR under Levon Resources Ltd, a wholly owned subsidiary of Discovery. The PEA assumes metallurgical recoveries of 89% for Ag, 84% for Pb, 72% for Zn and 40% for Au.

Sample analysis and QA/QC Program: True widths of reported drill intercepts have not been determined. 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.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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Cautionary Note Regarding Forward-Looking Statements

This news release may include forward-looking statements that are subject to inherent risks and uncertainties. All statements within this news release, other than statements of historical fact, are to be considered forward looking. Although Discovery believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those described in forward-looking statements. Such statements include but are not limited to: the timeline for the execution and completion of the Phase 2 drill program including the impacts and benefits; the timeline and anticipated results to be included in the Resource update including the impact and benefits; the timeline and anticipated results to be included in the Preliminary Economic Assessment including the impact and benefits; Factors that could cause actual results to differ materially from those described in forward-looking statements include fluctuations in market prices, including metal prices, continued availability of capital and financing, and general economic, market or business conditions. There can be no assurances that such statements will prove accurate and, therefore, readers are advised to rely on their own evaluation of such uncertainties. Discovery does not assume any obligation to update any forward-looking statements except as required under applicable laws. For a detailed discussion on the risks faced by the Company, refer to the documents incorporated by reference herein, the Company's MD&A for the year ended December 31, 2020 and the Company's 2019 Annual Information Form available on the Company's website at www.discoverysilver.com or under Discovery's profile on SEDAR at www.sedar.com.