

---

## Discovery Reports Q4 2022 Financial Results and Update

---

**March 31, 2023, Toronto, Ontario – Discovery Silver Corp.** (TSX: DSV, OTCQX: DSVSF) (“Discovery” or the “Company”) is pleased to announce its financial results for the fourth quarter (“Q4 2022”) and year ended December 31, 2022, and to provide a summary of key events for the quarter and subsequent to year-end. All figures are stated in Canadian dollars (“C\$”) unless otherwise noted. Discovery’s flagship project is the 100%-owned Cordero silver project (“Cordero” or the “Project”) located in Chihuahua State, Mexico.

Tony Makuch, CEO, states: *“The significant progress we made at Cordero in 2022, culminating in the delivery of a Pre-Feasibility Study (PFS) in early 2023, has demonstrated that Cordero is one of the most exciting development projects in the mining space globally with the potential to become one of the top three largest silver mines and top ten largest zinc mines worldwide. The PFS demonstrates excellent economics and is highly capital efficient through building in phases to minimize the upfront capital for Phase 1 and have the project finance for the final build by utilizing operating cash flow to fund Phase 2. Additionally, the PFS incorporates less than 50% of the current known resource tonnes, creating significant leverage and optionality with only a modest increase in metal prices. The design of the reserve pit fitting within the shell of the resource pit also supports this option. There also remains further significant exploration upside, with the deposit still open at depth, and a number of other targets defined elsewhere on the property.”*

*Work on our Feasibility Study, which is expected to be delivered in the first half of next year, is already well underway with recent drilling in and around the pit highlighting further growth potential beyond what was outlined in the PFS. Alongside our Feasibility Study work we remain committed to maintaining our positive working relationships with all local stakeholders and look forward to initiating the construction permitting process next quarter and the commencement of property-wide exploration on our highly prospective land package in the middle of the year.”*

### **HIGHLIGHTS FROM Q4 2022 & SUBSEQUENT EVENTS:**

- Completion of our PFS on Cordero that outlined an 18-year mine life with average annual production of 33 Moz AgEq at an average AISC of \$12.80/oz AgEq in Years 1 to 12. The after-tax NPV5% was US\$1.2 B and the IRR was 28% at base case metal prices of Ag - US\$22.00/oz, Au - US\$1,600/oz, Pb - US\$1.00/lb and Zn - US\$1.20/lb.
- The appointment of Tony Makuch as the Chief Executive Officer; Mr. Makuch has more than 35 years of development, operational and leadership experience. Most recently he was CEO of Kirkland Lake Gold Ltd. where, under his five-year tenure, annual gold production grew from 315,000 oz to over 1,400,000 oz and Kirkland Lake’s share price increased over 500%.
- The graduation to the main board of the Toronto Stock Exchange reflecting the Company’s maturity and growth with Cordero now having advanced to the feasibility study stage.

- The announcement of the filing of a Final Short Form Base Shelf Prospectus allowing for the sale of Common Shares, Warrants, Subscription Receipts and Units of the Company in one or more series of issuances for aggregate gross proceeds of up to \$300,000,000 for a period of 25 months following the filing.
- The Company's receipt of its official ESR Certification, which is issued by the Mexican Center for Philanthropy to organizations that have demonstrated they operate in a socially and environmentally responsible manner.
- Announcement of the Company's work program for 2023 that includes: significant advancement of FS scope items, the initiation of the construction permitting process, an initial 9,000 m drill program planned across multiple targets on the Company's prospective land package, and further investment in our well-established ESG programs as part of our commitment to work with all local stakeholders.
- As of December 31, 2022, we had a cash and cash equivalents balance of \$46.2 million.

### **LOOKING AHEAD:**

The Company has now completed 39,000 m of its Feasibility Study drill program that consists of engineering drilling, resource upgrade drilling, and step-out drilling targeting the expansion of the PFS open pit. The drill results subsequent to the PFS cut-off date continue to demonstrate the mineral resource growth potential that could be unlocked and included in the upcoming Feasibility Study. Resource upgrade infill and step-out drilling returned a number of higher-grade intercepts within, and below, the reserves pit, in areas that were previously modeled as low-grade ore. The Company has the potential to continue lowering Cordero's strip ratio by converting the waste to ore within the pit and expand the pit at depth.

The Company's drill program in 2023 at the project is designed to support the FS through condemnation and geotechnical investigation for locating site infrastructure and for hydrogeology investigation.

The FS is expected to be completed in the first half of 2024, with the construction permitting work being performed in parallel. The submission of the Environmental Impact Statement ("Manifiesto de Impacto Ambiental" or "MIA") is expected to be made to the Mexican Federal Environmental Department ("SEMARNAT") in the first half of 2023. Assuming a 12 to 24 month permitting timeline, this would position the Company to make a construction decision during the second half of 2024.

In parallel with these work plans our ESG program continues to be an important area of focus, with our 2022 ESG report scheduled for issuance in 2Q 2023, and key government and international accreditation certifications planned for completion in the second half of 2023. We also remain committed to the growth potential of Cordero almost 9,000 m of drilling planned this year on resource expansion targets and our first ever drilling of five highly prospective property targets within 10 km of Cordero.

Our balance sheet remains exceptionally strong with a current cash balance of approximately \$38 million and no debt, sufficient to finance the 2023 work program at Cordero. The Company recently filed a final base shelf prospectus allowing for the sale of Common Shares, Warrants, Subscription Receipts and Units of the Company in one or more series of issuance for aggregate gross proceeds of up to \$300 million for a period of 25 months following the filing. The Company expects to complete a Definitive

Feasibility Study for the first half of 2024, and advance Cordero through to a construction decision following the release of the FS and completion of the necessary financings.

## **SUMMARY OF Q4 2022 & SUBSEQUENT EVENTS:**

### **Environment, Social, Governance:**

The Company continues to make excellent progress on its Environmental, Social and Governance (“ESG”) initiatives. Recent highlights include:

- **Community Programs** – ongoing sponsorship of the supply of equipment and medicine to the mobile medical unit that was donated to the Parral municipality in 2022. The also provided assistance with the construction of local medical clinic in 2022. Both the medical unit and clinic have the capacity to serve approximately 70,000 people per annum within the Parral municipality.
- **Socially Responsible Enterprise (Empresa Socialmente Responsable) Certification:** the Company has received its official ESR certification from the Mexican Center for Philanthropy (Centro Mexicano para la Filantropia) in Q4 2022. The certification requires the Company’s commitment to five pillars: business ethics, community engagement, protection and preservation of the environment, quality of life for employees and corporate social responsibility.
- **Great Place to Work Certification** - this certification was awarded to the Company in Q4 2022 and recognizes companies that create an outstanding employee experience through building a workplace culture of trust, credibility, respect, pride and collaboration.

Further details can be found in the news releases dated November 11, 2022, and January 12, 2023, and in the Company’s 2021 ESG report available on the Company’s website. The 2022 ESG report is progressing well and is expected to be published Q2 2023.

### **Projects:**

#### **Preliminary Feasibility Study (PFS)**

On January 24, 2023, we announced the results from the PFS on Cordero. Highlights from the study include:

- **Excellent project economics:** Base Case after-tax NPV5% of US\$1.2 Billion (C\$1.5 Billion) and IRR of 28% (Ag - US\$22.00/oz, Au - US\$1,600/oz, Pb - US\$1.00/lb and Zn - US\$1.20/lb).
- **Extended mine life & higher production:** 18-year mine life with average annual production of 33 Moz AgEq
- **High margins & low capital intensity maintained:** average AISC of US\$12.80/oz AgEq in Years 1 to 12 with an initial development capex of US\$455 M resulting in an attractive NPV-to-capex ratio of 2.5x.
- **Significantly de-risked Reserve base:** new Reserves declared of Ag - 266 Moz, Au - 790 koz, Pb - 2,970 Mlb and Zn – 4,650 Mlb; more than 70% of mill feed in Years 1 to 5 classified as Proven.

- **Exceptional silver price leverage:** PFS mine plan assumes only 42% of Measured & Indicated Resource tonnes are processed; clear potential to significantly extend mine life at higher silver prices.
- **ESG/economic contribution:** total estimated taxes payable of US\$1.2 Billion, a peak estimated local workforce of over 1,000 employees and over \$4 Billion of expected goods and services purchased locally within Mexico over the life of the mine.

The PFS was released in conjunction with an updated Mineral Resource Estimate (“MRE”). Further details on the PFS and MRE results can be found in our news release dated January 24, 2023, and in the supporting technical report filed on SEDAR and on the Company’s website.

### Feasibility Study drilling

Feasibility Study drilling commenced in Q3 2022 and work is expected to be ongoing throughout 2023. The program is anticipated to consist of approximately 50,000 m of drilling related to engineering drilling, reserve expansion drilling and resource upgrade drilling. To date, the Company has released 45 drill holes consisting of 20,000 m of drilling. These initial drill holes were focused on two key areas: 1) expansion of reserves within and beneath the Pre-Feasibility Study open pit and 2) upgrading and expansion of the resource in the far northeast of the deposit.

**Reserve Expansion Drilling** – highlight intercepts from this drilling include:

- **77 m averaging 126 g/t AgEq<sup>1</sup>** (46 g/t Ag, 0.08 g/t Au, 0.7% Pb and 1.4% Zn) from 218 m and **22 m averaging 265 g/t AgEq<sup>1</sup>** (83 g/t Ag, 0.10 g/t Au, 1.8% Pb and 3.2% Zn) from 374 m within the PFS pit in areas modelled as low to medium grade in hole C22-656.
- **96 m averaging 124 g/t AgEq<sup>1</sup>** (33 g/t Ag, 0.03 g/t Au, 0.7% Pb and 1.8% Zn) from 464 m on the margins of the PFS pit in hole C22-654.
- **32 m averaging 158 g/t AgEq<sup>1</sup>** (77 g/t Ag, 0.16 g/t Au, 0.7% Pb and 1.3% Zn) from 108 m and **39 m averaging 241 g/t AgEq<sup>1</sup>** (124 g/t Ag, 0.09 g/t Au, 1.2% Pb and 1.9% Zn) from 185 m within the reserves pit in the South Corridor in hole C22-677.
- **36 m averaging 126 g/t AgEq<sup>1</sup>** (35 g/t Ag, 0.06 g/t Au, 0.7% Pb and 1.7% Zn) from 481 m and **27 m averaging 133 g/t AgEq<sup>1</sup>** (25 g/t Ag, 0.06 g/t Au, 0.6% Pb and 2.2% Zn) from 555 m in hole C22-687; these intervals were toward the bottom and beneath the reserves pit in an area previously modelled as waste.

These positive drill results demonstrate the potential to expand reserves through the conversion of waste to ore within the reserves pit and through the expansion at depth of the reserves pit

**Far Northeast Drilling** – Drilling in 2022 outlined low grade mineralization with a number of discrete high-grade zones in the far northeast of the deposit, more than 1 km beyond the limits of the reserves pit. Most of this mineralization is within 100 m of surface and is included within the resource pit constraint as part of the January 2023 resource update. 15 follow up drill holes have been completed testing the lateral depth and strike extent of mineralization within this zone. This drilling confirms the presence of a broad mineralized fracture system in the area. The orientation of mineralization does not appear to be consistent with the dominant northeast orientation evident in the main part of the Cordero deposit.

A more detailed review of fracture orientation along with further drilling is required to develop a better understanding of the main controls of mineralization in this part of the deposit.

For further details on the drill results noted above refer to our news releases dated November 17, 2022 and March 22, 2023. Supporting Technical Disclosure for drill results can be found at the end of this release

### **SELECTED FINANCIAL DATA:**

The following selected financial data is summarized from the Company's consolidated financial statements and related notes thereto (the "Financial Statements") for the year ended December 31, 2022, and the Management's Discussion and Analysis ("MD&A") for the year ended December 31, 2022.

A copy of the Financial Statements and MD&A is available at [www.discoverysilver.com](http://www.discoverysilver.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

|   | <b>Q4 2022</b>  | Q4 2021        |
|---|-----------------|----------------|
| Net loss                                  |                 |                |
| (a) Total                                 | \$ (10,411,846) | \$ (7,098,928) |
| (b) basic and diluted per share           | \$ (0.02)       | \$ (0.02)      |
| Net loss & total comprehensive loss       | \$ (10,206,433) | \$ (7,030,220) |
| Total weighted average shares outstanding | 351,012,880     | 329,898,229    |

|   | <b>December 31, 2022</b> | December 31, 2021 |
|---|--------------------------|-------------------|
| Cash, cash equivalents & short-term investments | \$ 46,220,938            | \$ 54,748,652     |
| Total assets                                    | \$ 91,583,326            | \$ 107,790,755    |
| Total current liabilities                       | \$ 1,964,868             | \$ 1,704,530      |
| Total liabilities                               | \$ 2,425,256             | \$ 1,704,530      |
| Working capital <sup>(1)</sup>                  | \$ 53,081,932            | \$ 69,611,661     |
| Total Shareholders' equity                      | \$ 89,158,070            | \$ 106,086,225    |

(1) Non-GAAP measure defined as current assets less current liabilities from the Company's consolidated financial statements.

### **About Discovery**

Discovery's flagship project is its 100%-owned Cordero project, one of the world's largest silver deposits. The PFS completed in January 2023 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\$38 million.

On Behalf of the Board of Directors,  
**Tony Makuch, P.Eng**  
 CEO & Director

*For further information contact:*

**Forbes Gemmell, CFA**

VP Corporate Development

Phone: 416-613-9410

Email: [forbes.gemmell@discoverysilver.com](mailto:forbes.gemmell@discoverysilver.com)

Website: [www.discoverysilver.com](http://www.discoverysilver.com)

**TECHNICAL NOTES & REFERENCES:**

**Drill results:** all drill 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. As a guideline, intervals with disseminated mineralization were chosen based on a 25 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 \$22.00/oz Ag, \$1,600/oz Au, \$1.00/lb Pb, \$1.20/lb Zn. The calculations assume 100% metallurgical recovery and are indicative of gross in-situ metal value at the indicated metal prices.

**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.

The most recent technical report for the Cordero Project is the 2023 Preliminary Feasibility Study for the Company's Cordero project. The report was completed by Ausenco with support from by AGP, Knight Piésold and Hard Rock and is available on Discovery's website and on SEDAR under Discovery Silver Corp. The PFS assumed average life-of-mine recovery assumptions for of 87% for Ag, 22% for Au, 86% for Pb and 85% for Zn.

## **FORWARD-LOOKING STATEMENTS:**

*Neither TSX Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Exchange) accepts responsibility for the adequacy or accuracy of this release.*

*This news release is not for distribution to United States newswire services or for dissemination in the United States.*

This news release does not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of any of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful, including any of the securities in the United States of America. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act") or any state securities laws and may not be offered or sold within the United States or to, or for account or benefit of, U.S. Persons (as defined in Regulation S under the 1933 Act) unless registered under the 1933 Act and applicable state securities laws, or an exemption from such registration requirements is available.

### *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. Statements regarding the results of the pre-feasibility study and the anticipated capital and operating costs, sustaining costs, net present value, internal rate of return, payback period, process capacity, average annual metal production, average process recoveries, concession renewal, permitting of the Project, anticipated mining and processing methods, proposed pre-feasibility study production schedule and metal production profile, anticipated construction period, anticipated mine life, expected recoveries and grades, anticipated production rates, infrastructure, social and environmental impact studies, availability of labour, tax rates and commodity prices that would support development of the Project. Information concerning mineral resource/reserve estimates and the economic analysis thereof contained in the results of the pre-feasibility study are also forward-looking statements in that they reflect a prediction of the mineralization that would be encountered, and the results of mining, if a mineral deposit were developed and mined. Forward-looking statements are statements that are not historical facts which address events, results, outcomes or developments that the Company expects to occur. Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made and they involve a number of risks and uncertainties. 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. The risks and uncertainties that may affect forward-looking statements, or the material factors or assumptions used to develop such forward-looking information, are described under the heading "Risks Factors" in the Company's Annual Information Form dated March 29, 2023, which is available under the Company's issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### **NON-GAAP MEASURES:**

The Company has included certain non-GAAP performance measures as detailed below. In the mining industry, these are common performance measures but may not be comparable to similar measures presented by other issuers and the non-GAAP measures do not have any standardized meaning. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

#### **CASH COSTS PER OUNCE**

The Company calculated total cash costs per ounce by dividing the sum of operating costs, royalty costs, production taxes, refining and shipping costs, by payable silver-equivalent ounces. While there is no standardized meaning of the measure across the industry, the Company believes that this measure is useful to external users in assessing operating performance.

#### **ALL-IN SUSTAINING COSTS ("AISC")**

The Company has provided an AISC performance measure that reflects all the expenditures that are required to produce an ounce of payable metal. While there is no standardized meaning of the measure across the industry, the Company's definition conforms to the all-in sustaining cost definition as set out by the World Gold Council in its guidance dated June 27, 2013. Subsequent amendments to the guidance have not materially affected the figures presented.

#### **FREE CASH FLOW**

Free Cash Flow is a non-GAAP performance measure that is calculated as cash flows from operations net of cash flows invested in mineral property, plant and equipment and exploration and evaluation assets. The Company believes that this measure is useful to the external users in assessing the Company's ability to generate cash flows from its mineral projects.