

# Discovery Reports Q1 2020 Operating & Financial Results

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TORONTO, May 28, 2020 - [Discovery Metals Corp.](#) (TSX-V: DSV, OTCQX: DSVMF) (Discovery; or the Company) is pleased to announce its operating and financial results for the three months ended March 31, 2020. All amounts are presented in Canadian dollars (CAD) unless otherwise stated.

Our Company is focused on advancing a portfolio of silver projects in historic mining districts in northern Mexico, including our flagship Cordero project in Chihuahua State (Cordero; or the Project), as well as the Puerto Rico, Minerva and Monclova projects in Coahuila State.

In February 2020 we were named to the TSX Venture Exchange's 2020 Venture 50 in recognition of our share price appreciation, market capitalization growth, and trading volume growth over the past year.

In March 2020 we temporarily suspended all exploration activities at our Mexican operations due to the increased health and safety risks associated with the growing number of COVID-19 cases in the country. We have put in place business continuity plans so that exploration activity can quickly ramp up once it is deemed safe to do so.

In April 2020 we announced the divestiture of our non-core Congress property located in British Columbia, to [Talisker Resources Ltd.](#) (Talisker). Under the terms of the purchase agreement, Talisker issued 1,000,000 common shares to our Company in return for 100% ownership of Congress.

On May 18, 2020, we announced a \$25 million private placement that included a \$10 million investment from Mr. Eric Sprott. This financing is expected to close in early June. Support for this placement is indicative of the strong investment interest in our Company and the exposure and leverage that our Cordero project provides to a rising silver price. Upon completion, we will have over \$40 million of cash on our balance sheet - this positions us as one of the best financed silver exploration companies in the industry.

## EXPLORATION HIGHLIGHTS:

At Cordero, our 100% owned project in Chihuahua State, Mexico, we:

- Rapidly progressed our 30,000 to 35,000 metre (m) Phase 1 drill program; to date we have completed forty-eight holes totaling approximately 17,500 m
- Demonstrated excellent near-surface higher-grade potential at the Project over a strike length of approximately 1,250 m. Drill highlights to date include:
  - 68.1 m of 361 g/t AgEq<sup>1</sup> in hole C19-295 from 157.8 m (comprised of 117 g/t Ag, 1.96 g/t Au, 1.7% Pb and 1.1% Zn)
  - 105.9 m of 188 g/t AgEq<sup>1</sup> in hole C19-304 from 76.8 m (comprised of 74 g/t Ag, 0.38 g/t Au, 1.1% Pb and 1.1% Zn)
  - 62.8 m of 217 g/t AgEq<sup>1</sup> in hole C20-316 from 222.3 m (comprised of 79 g/t Ag, 0.58 g/t Au, 1.2% Pb and 1.2% Zn)
  - 168.8 m of 207 g/t AgEq<sup>1</sup> in hole C20-319 from 140.0 m (comprised of 70 g/t Ag, 0.10 g/t Au, 1.5% Pb and 1.9% Zn)

- Intercepted multiple sulphide veins that returned kilogram per tonne silver equivalent intercepts. Drill highlights to date from these veins include:
  - 1.0 m of 2,153 g/t AgEq<sup>1</sup> in hole C20-316 from 166.4 m (comprised of 1,255 g/t Ag, 1.10 g/t Au, 20.0% Pb and 2.5% Zn)
  - 3.3 m of 1,141 g/t AgEq<sup>1</sup> in hole C20-320 from 214.2 m (comprised of 588 g/t Ag, 0.58 g/t Au, 12.4% Pb and 1.7% Zn)

#### Q1 2020 FINANCIAL HIGHLIGHTS:

The following selected financial data is summarized from our Company's unaudited interim condensed consolidated financial statements and related notes thereto (the "Financial Statements") for the three months ended March 31, 2020. A copy of the Financial Statements is available on our website at [www.dsvmetals.com](http://www.dsvmetals.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

Net loss	Q1 2020	Q1 2019
(a) Total <sup>(A)</sup>	\$ (4,826,135 )	\$ (793,684 )
(b) basic and diluted per share	\$ (0.02 )	\$ (0.01 )
Net loss & total comprehensive loss	\$ (5,827,330 )	\$ (704,463 )
Total weighted average shares outstanding	211,423,805	65,043,998

A. Net loss for Q1 2020 includes non-cash share-based compensation expense of \$157,576 (Q1 2019: and \$55,393) and a non-cash impairment charge of \$586,328 (Q1 2019: \$nil) on IVA receivable.

	March 31, 2020	December 31, 2019
Cash and cash equivalents	\$ 20,018,474	\$ 23,950,737
Total assets	\$ 47,966,857	\$ 53,518,599
Total current liabilities	\$ 767,213	\$ 716,596
Total liabilities	\$ 843,560	\$ 804,466
Total Shareholders' equity	\$ 47,123,297	\$ 52,714,133

#### LOOKING AHEAD:

Discovery has transformed itself over the last 12 months and we believe we are now in the best position since the Company's formation to benefit from a rising silver price. Through the acquisition of our Cordero project in August 2019 we now have 100% ownership of a very large silver endowment. Post-acquisition we have been actively adding value through drilling with highly encouraging results reported from our Phase 1 drill program. Upon completion of the recently announced financing, we will have a cash balance of over \$40 million. Our balance sheet has never been stronger and moving forward we have the firepower to aggressively advance Cordero and to accelerate our exploration efforts on the surrounding regional property package.

On March 31, 2020, we announced the temporary suspension of exploration activity in response to COVID-19. We are using this period to evaluate the substantial amount of data collected to-date to refine our drill targets. We still have assays pending from 16 holes completed prior to the shutdown and we look forward to releasing these holes in the coming weeks. We have also been busy putting in place business continuity plans so that we can ramp up our drilling activities in an efficient and systematic fashion once it is deemed safe to do so.

We look forward to providing further details on the progress we have made to our shareholders at our upcoming Annual General Meeting ("AGM"). The AGM will be held via conference call on June 26, 2020. Further details can be found on our website at [www.dsvmetals.com/investors/annual-meeting/](http://www.dsvmetals.com/investors/annual-meeting/).

On Behalf of the Board of Directors,

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

About Discovery

[Discovery Metals Corp.](#) (TSX-V: DSV, OTCQX: DSVMF) is a Canadian exploration and development company headquartered in Toronto, Canada, and focused on historic mining districts in Mexico. Discovery's flagship is its 100%-owned Cordero silver project in Chihuahua State, Mexico. The 35,000-hectare property covers a large district that hosts the announced resource as well as numerous exploration targets for bulk tonnage diatreme-hosted, porphyry-style, and carbonate replacement deposits.

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TECHNICAL NOTES & REFERENCES:

<sup>1</sup> All 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. Composites for this release were chosen at a 25 g/t AgEq cutoff, whereby no more than 5m of below-cutoff material is included in any composite interval. 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 note three below for metallurgical recoveries assumed in the 2018 PEA completed on Cordero.

<sup>2</sup> The most recent resource estimate for Cordero as shown in the table below was released in 2018 (technical report available on Discovery's website and the SEDAR profile of Levon Resources Ltd. (&#8220;Levon&#8221;)) and was based on a base case cutoff grade of 15 g/t AgEq (highlighted below). The table includes a sensitivity analysis that also shows tonnage and grade estimates at higher AgEq cutoff grades within the resource shell. Resource commodity prices used for the resource estimate were (USD): \$17.14/oz Ag, \$1.11/lb Zn, \$0.96/lb Pb, \$1,262/oz Au.

AgEq <sup>3</sup> (g/t) Cutoff	Tonnage & Grade within Mineral Resources Pit Shell							Total Contained Ag (Mozs)	Total C
	Class	Tonnes (M)	AgEq <sup>3</sup> (g/t)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)		
15	Indicated	990	32	13	0.04	0.2	0.4	408	1,022
	Inferred	282	56	21	0.04	0.3	0.8	188	513
25	Indicated	467	46	19	0.06	0.3	0.5	278	686
	Inferred	183	77	28	0.05	0.4	1.0	163	451
50	Indicated	99	95	40	0.11	0.6	1.0	128	303
	Inferred	100	112	41	0.06	0.7	1.5	131	360

<sup>3</sup> A PEA was completed for Levon in 2018 by M3 Engineering and Technology Corp., and includes the most recent resource estimate, completed by Independent Mining Consultants (available on Discovery's website and on SEDAR under Levon's profile). Discovery acquired Cordero through the acquisition of Levon in August 2019. Resource commodity prices used in the PEA are (\$US): \$17.14/oz Ag, \$1.11/lb Zn, \$0.96/lb Pb, \$1,262/oz Au; the mine plan in the PEA uses a subset of Indicated and Inferred Resources at 15 g/t AgEq cutoff. The PEA assumes metallurgical recoveries of 89% Ag, 84% Pb, 72% Zn, 40% 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 (&#8220;ME-ICP61&#8221;). 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 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 (&#8220;NI 43-101&#8221;) and has reviewed and validated that the information contained in this news release is accurate.

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