

Discovery Silver Corp. Reports Q1 2022 Financial Results and Update

27.05.2022 | [GlobeNewswire](#)

TORONTO, May 27, 2022 - [Discovery Silver Corp.](#) (TSX-V: DSV, OTCQX: DSVSF) ("Discovery" or the "Company") is pleased to announce its financial results for the three months ended March 31, 2022 ("Q1 2022"), and 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 silver project ("Cordero" or the "Project") located in Chihuahua State, Mexico. Following the completion of a Preliminary Economic Assessment ("PEA") in 2021 that demonstrated Cordero is a large-scale, high-margin asset with a long mine life, our focus now is the delivery of a Pre-Feasibility Study ("PFS") on the Project in the fourth quarter of this year.

HIGHLIGHTS FROM Q1 2022 & SUBSEQUENT EVENTS:

- The appointment of Tony Esplin as Chief Operating Officer; Mr. Esplin has more than 30 years of experience in the mining industry, including over two decades of executive and senior management roles at Tier 1 operations with Newmont Corporation and Barrick Gold Corporation.
- The appointment of Tony Makuch to the Company's Board of Directors; Mr. Makuch has over 35 years of mining industry experience and most recently was President and CEO of Kirkland Lake Gold Ltd up to its merger with Agnico Eagle Mines Limited in Q1 2022.
- Ongoing drill results from our Phase 2 drill program including intercepts of 337 g/t AgEq over 34 m and 606 g/t AgEq over 18 m below the PEA pit and 328 g/t AgEq over 46 m outside the current resource.
- As at March 31, 2022, we had a cash and cash equivalents and short term investment balance of \$61.2 million.

LOOKING AHEAD:

Our Pre-Feasibility Study work continues to progress well and we remain on schedule to deliver the study in the fourth quarter of this year. Our metallurgical testwork on the sulphides is now 60% complete. This test program is focused on reagent optimization and the testing of high-grade samples ranging from 100 – 200 g/t AgEq to confirm grade versus recovery variability. Our reserve definition drilling is now complete, and the first of three open pit geotechnical drill holes is now underway. We expect the PFS will continue to incorporate staged expansions of the processing facility and we will look to optimize the mining rates early in the mine life as well as the timing and size of the oxides/heap leach project to maximise capital efficiency.

Our ESG program continues to be a key area of focus. Our 2021 ESG report remains on schedule for issuance in the summer and key government and international accreditation certifications are planned for completion in the second half of 2022. We also remain committed to the growth potential of Cordero with more than 30,000 m of drilling planned this year on resource expansion targets and our first ever drilling of five prospective property targets within 10 km of Cordero.

We have a current cash balance of approximately \$60 million and no debt. This positions us to complete all our activities at Cordero in 2022, as well as all necessary work to advance Cordero to a construction decision through the completion of a Definitive Feasibility Study preliminarily scheduled for the second half of 2023.

SUMMARY OF Q1 2022 & SUBSEQUENT EVENTS:

Phase 2 drilling:

Phase 2 drilling commenced in 3Q 2021 and will continue through the remainder of the year and will be focused on three key areas: (1) Pre-Feasibility Study drilling consisting of reserve definition and engineering drilling; (2) resource expansion in the northeast of the deposit and at depth; and (3) initial drill testing of five property-wide targets on the Company's extensive land package. During the quarter and subsequent to

quarter end, we announced three sets of drill results from this drill program with highlights outlined as follows.

PFS Drilling – highlight intercepts targeting the upgrading of resources and the expansion of the open pit for the PFS include:

- C21-533 was drilled in the NE Extension Zone within the Preliminary Economic Assessment (“PEA”) open pit and intercepted 49.9 m averaging 247 g/t AgEq from 124.5 m (99 g/t Ag, 0.26 g/t Au, 1.9% Pb and 1.8% Zn) including 21.4 m averaging 446 g/t AgEq (185 g/t Ag, 0.46 g/t Au, 3.5% Pb & 3.2% Zn) in hole C21-533

- C21-556 intercepted 46.8 m averaging 288 g/t AgEq from 366.5 m (61 g/t Ag, 0.07 g/t Au, 1.4% Pb and 4.8% Zn) within the PEA open pit in the South Corridor

- C21-573 drilled beneath the PEA open pit in the far northeast intercepted 38.6 m averaging 189 g/t AgEq from 191.8 m (91 g/t Ag, 0.11 g/t Au, 1.3% Pb and 1.3% Zn)

- C21-560 intercepted a high-grade interval immediately below the PEA pit that returned 18.1 m averaging 606 g/t AgEq from 230.0 m (234 g/t Ag, 0.15 g/t Au, 3.8% Pb and 6.5% Zn)

- C21-564 intercepted 33.9 m averaging 337 g/t AgEq from 622.1 m (95 g/t Ag, 0.21 g/t Au, 1.9% Pb and 4.5% Zn) approximately 70 m below the PEA pit

- C21-544 intercepted 60.4 m averaging 122 g/t AgEq from 115.7 m (45 g/t Ag, 0.07 g/t Au, 0.9% Pb and 1.2% Zn) approximately 50 m below the PEA pit

Resource Expansion Drilling – highlight intercepts from outside the resource pit constraint include:

- C21-575 intercepted 45.6 m averaging 328 g/t AgEq from 327.0 m (125 g/t Ag, 0.54 g/t Au, 2.0% Pb and 2.7% Zn) including 17.4 m averaging 674 g/t AgEq (254 g/t Ag, 0.94 g/t Au, 4.0% Pb & 6.1% Zn) beneath the resource pit outline in the northeast of the North Corridor

- C21-549 was drilled in the northeast of the South Corridor and intercepted 44.5 m averaging 106 g/t AgEq from 355.7 m (20 g/t Ag, 0.03 g/t Au, 0.1% Pb and 2.2% Zn) beneath the resource pit

- C21-574 intercepted 13.4 m averaging 483 g/t AgEq from 3.3 m (272 g/t Ag, 0.16 g/t Au, 4.1% Pb and 1.9% Zn) in a step-out hole approximately 100 m to the northeast of the resource pit

For further details on the drill results noted above refer to our news releases dated February 10, March 31, and May 13, 2022. 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 unaudited condensed interim consolidated financial statements and related notes thereto (the “Interim Financial Statements”) for the three months ended March 31, 2022, and the Management’s Discussion and Analysis (“MD&A”) for the three months ended March 31, 2022.

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

Net loss		Q1 2022		Q1 2021
(a) Total	\$	(13,147,429)	\$	(10,965,302)
(b) basic and diluted per share	\$	(0.04)	\$	(0.03)
Net loss & total comprehensive loss	\$	(13,402,257)	\$	(11,058,575)
Total weighted average shares outstanding		332,025,353		317,429,574

	March 31, 2022	December 31, 2021			
Cash, cash equivalents & short-term investments			\$	61,229,095	
Total assets	\$	99,464,516	\$	107,790,755	
Total current liabilities		\$	1,410,165	\$	1,704,530
Total liabilities	\$	1,410,165	\$	1,704,530	
Working capital	\$	61,667,325	\$	69,611,661	
Total Shareholders' equity	\$	98,054,351	\$	106,086,225	

About Discovery

Discovery's flagship project is its 100%-owned Cordero project, one of the world's largest silver deposits. The PEA completed in November 2021 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 a current cash balance of approximately \$60 million.

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:

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. Refer to notes below for metallurgical recoveries assumed in the 2021 PEA completed on Cordero.

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.

Technical Report: The most recent technical report for the Cordero Project is the 2021 Preliminary Economic Assessment (PEA). The PEA was completed by Ausenco Engineering Canada Inc. with support from AGP Mining Consultants Inc. and Knight Piésold and Co. (USA). The full technical report supporting the PEA is available on Discovery's website and on SEDAR under Discovery Silver Corp.

The PEA assumed average life-of-mine recovery assumptions for sulphide material of 84% for Ag, 19% for Au, 86% for Pb and 85% for Zn. The PEA assumed oxide recovery assumptions of 56% for Ag and 63% for Au for crushed feed and 36% for Ag and 35% for Au for uncrushed ROM feed.

FORWARD-LOOKING STATEMENTS:

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

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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, 2021 and the Company's 2021 Annual Information Form available on the Company's website at www.discoverysilver.com or under Discovery's profile on SEDAR at www.sedar.com.

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