

# Discovery Reports Fourth Quarter and Full-Year 2023 Financial Results

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TORONTO, March 28, 2024 - [Discovery Silver Corp.](#) (TSX: DSV, OTCQX: DSVSF) ("Discovery" or the "Company") today announced financial results for the three and twelve months ended December 31, 2023 ("Q4 2023" and "2023", respectively). The Company also provided a summary of key events since the beginning of Q4 2023, including the release on February 20, 2024, of the feasibility study results (the "Feasibility Study" or "Study") for Discovery's 100%-owned Cordero silver project ("Cordero" or the "Project") in Chihuahua State, Mexico. Cordero is a world leading silver development project that will generate attractive economic returns and contribute substantial socio-economic benefits to Mexico. All figures are stated in Canadian dollars unless otherwise noted.

Tony Makuch, CEO, commented: *"Over the last year, our teams in Mexico and Canada have done an outstanding job advancing Cordero. Following the release of the Pre-Feasibility Study ("PFS") in January 2023, we progressed into full feasibility advancing engineering and design work which further de-risked the Project, drilling over 30,000 metres with the results clearly demonstrating the potential to grow resources and reserves, and completing impact assessment and social baseline studies leading to the submission of our Environmental Impact Statement ("Manifiesto de Impacto Ambiental" or "MIA") in August.*

*"The excellent work of our people culminated in the release of our Feasibility Study results a few weeks ago. The Feasibility Study is a major milestone, which positions Cordero as the world's largest undeveloped silver project both in terms of reserves and expected annual production. Cordero will be a long-life project with low unit costs that generates substantial cash flows and attractive economic returns. Beyond that, Cordero is an important project for several reasons. First, with expected annual production averaging 37 million silver-equivalent ("AgEq")<sup>1</sup> ounces in the first 12 years, it can play a key role in closing market deficits and supplying silver for high-growth sectors such as electric vehicles and solar energy. Second, the Project will deliver valuable benefits to Mexico by creating high-quality, high-paying jobs, investing in infrastructure as well as goods and services and generating tax revenue. Finally, Cordero is important for our industry because it can provide an example of how a large-scale mining project that is profitable, contributes to greater prosperity and meets the highest environmental standards, can be part of the solution when it comes to addressing ESG issues and achieving sustainability objectives in a world that increasingly needs metals and minerals.*

*"Looking ahead, we are executing an extensive work program in 2024 aimed at further advancing and de-risking Cordero as we work to complete permitting and arrange financing for the Project. Our company remains well funded to complete our work plan, with a current cash balance of approximately \$52 million.*

1. Please see the Technical Disclosure section of this news release for additional information related to AgEq production.

## HIGHLIGHTS FROM Q4 2023 & SUBSEQUENT EVENTS:

- Results from the Feasibility Study metallurgical test program were reported in October 2023 and demonstrated improved metallurgical performance including a higher proportion of silver recovered to the precious metals concentrate, significantly lower reagent consumption and improved oxide-sulphide blending.
- Highlights of the 2024 work program were released in January 2024 and included plans to complete Front-End Engineering Design ("FEED") work; additional permitting, including a target to submit the Change of Land Use ("Cambio de Uso de Suelo" or "CUS") during the third quarter; additional engineering work related to the planned upgrade of the local water treatment plant; steps to further de-risk the Project such as the acquisition or leasing of additional surface rights and permitting related to land, power supply and water; as well as additional exploration work, including 2,500 metres of planned drilling in key target areas.

- The Feasibility Study results were released on February 20, 2024 with the results clearly positioning Cordero as a world-leading silver development project with large-scale, long-life production, unit costs that will place Cordero in the lowest half of the global cost curve, high capital efficiency and attractive economics.

#### SUMMARY OF CORDERO FEASIBILITY STUDY RESULTS:

- Large-scale, long-life production: 19-year mine life with average annual production of 37 million ounces ("Moz") AgEq in concentrate in Year 1 to Year 12 and 33 Moz AgEq in concentrate over the life of mine ("LOM").
- Highly profitable: Low unit costs with all-in sustaining costs ("AISC")<sup>2</sup> per AgEq ounce of under US\$12.50 in Year 1 to Year 8 and under US\$13.50 over the LOM, placing Cordero in the bottom half of the cost curve.
- Tier 1 Reserve base: Reserves of Ag - 302 Moz, Au - 840 koz, Pb - 3.0 Blb and Zn - 5.2 Blb, positioning Cordero as the largest undeveloped silver deposit globally.
- Clear upside potential: 240 million tonnes of Measured & Indicated Resource sit outside the Feasibility Study pit highlighting the potential to materially extend the mine life at modestly higher silver prices.
- Low capital intensity: Initial development capital expenditures of US\$606 million resulting in an attractive after-tax NPV-to-capex ratio of 2.0.
- Attractive economics: Base case after-tax NPV5% of US\$1.2 billion growing to US\$2.2 billion in Year 4 when the Project reaches final completion to 51,000 tonnes per day.
- Substantial socio-economic contribution: A total investment of US\$1.4 billion (including a US\$606 million initial investment), 2,500 jobs created during construction, peak employment of 1,000 direct jobs during operation, an estimated US\$4 billion of goods and services purchased and expected tax payments of approximately US\$1.4 billion within Mexico.
- Industry-leading environmental standards: Third-party reviews of proposed environmental practices were completed to ensure that Cordero will adhere to both Mexican regulatory standards and Equator Principles 4. Cordero received PROFEPA's Quality Environmental Certification recognizing full compliance with Mexican environmental regulations. The Feasibility Study also incorporates investment in infrastructure and technology to recycle wastewater from local communities with treated water to be the primary source of water for the Project.
  1. Example of Non-GAAP measure. Please see the Technical Disclosure and Non-GAAP Measures sections of this news release.

#### FEASIBILITY STUDY METALLURGICAL TEST PROGRAM:

On October 26, 2023, positive results were released from the Feasibility Study metallurgical test program. Highlights of the results include:

- An increase of up to 7% in the proportion of silver recovered in the precious metals concentrate, which has higher payabilities than the zinc concentrate;
- Significant reductions in reagent consumption while achieving improved metallurgical performance compared to the PFS;
- Excellent metallurgical performance for oxide-sulphide blending of up to 15% oxides (the PFS assumed a cap of up to 10% oxides); and,
- Confirmation of an optimal grind size of p80 passing 200 microns (unchanged from the PFS).

#### 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, 2023, and the Management's Discussion and Analysis ("MD&A") for the quarter and year ended December 31, 2023.

The Company's Financial Statements and MD&A are available at [www.discoverysilver.com](http://www.discoverysilver.com) or on SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca).

	Q4 2023	Q4 2022	2023	2022
Net Loss	\$ (5,665,597 )	\$ (10,411,846 )	\$ (15,752,515 )	\$ (41,095,770 )
Basic and diluted per share	\$ (0.01 )	\$ (0.02 )	\$ (0.04 )	\$ (0.12 )
Total comprehensive loss	\$ (4,539,860 )	\$ (10,206,433 )	\$ (14,403,195 )	\$ (40,657,751 )

Total weighted average shares outstanding	395,747,953	351,012,880	382,703,062	342,905,448
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	December 31, 2023	December 31, 2022
Cash and cash equivalents	\$ 58,944,459	\$ 46,220,938
Total assets	\$ 146,065,998	\$ 91,583,326
Total current liabilities	\$ 12,168,225	\$ 1,964,868
Working capital <sup>(1)</sup>	\$ 49,691,371	\$ 53,081,932
Total Shareholders' equity	\$ 129,421,106	\$ 89,158,070

(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, the world's largest undeveloped silver deposit. The Feasibility Study completed in February 2024 demonstrates that Cordero has the potential to be developed into a large-scale, long-life project with low unit costs and attractive economic returns that offers the combination of margin, size and scalability. Cordero is located close to infrastructure in a prolific mining belt in Chihuahua State, Mexico.

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

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## Qualified Person

Gernot Wober, P.Geo, VP Exploration, [Discovery Silver Corp.](#) and Pierre Rocque, P.Eng., an independent consultant to the Company, both "Qualified Persons" as such term is defined in NI 43-101, are the Company's designated Qualified Persons for this news release within the meaning of National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"). Mr. Wober and Mr. Rocque have reviewed and validated that the information contained in this news release is accurate.

## Technical Disclosure

- The Feasibility Study project team was led by Ausenco Engineering Canada ULC ("Ausenco"), with support from AGP Mining Consultants Inc. ("AGP"), WSP USA Inc. ("WSP") and RedDot3D Inc.
- Mineral resources that are not mineral reserves do not have demonstrated economic viability.
- A full technical report has been prepared in accordance with NI 43-101 and will be filed on SEDAR on March 28, 2024.
- AgEq produced is metal recovered in concentrate. AgEq payable is metal payable from concentrate. AgEq produced and AgEq payable are calculated as Ag + (Au x 72.7) + (Pb x 45.5) + (Zn x 54.6); these factors are based on metal prices of Ag - \$22/oz, Au - \$1,600/oz, Pb - \$1.00/lb and Zn - \$1.20/lb.
- AISC is calculated as: [Operating costs (mining, processing and G&A) + Royalties + Concentrate Transportation + Treatment & Refining Charges + Concentrate Penalties + Sustaining Capital (excluding \$37M of capex for the initial purchase of mining fleet in Year 1)] / Payable AgEq ounces.

## NON-GAAP MEASURES:

*The Company has included certain non-GAAP performance measures and ratios as detailed below. In the*

*mining industry, these are common performance measures and ratios but may not be comparable to similar measures or ratios presented by other issuers and the non-GAAP measures and ratios do not have any standardized meaning. Accordingly, these measures and ratios are included to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS Accounting Standards. Total cash costs per ounce, all-in sustaining costs, and free cash flow, are all forward-looking non-GAAP financial measures or ratios. As the Cordero Project is not in production, these prospective non-GAAP financial measures or ratios may not be reconciled to the nearest comparable measure under IFRS and there is no equivalent historical non-GAAP financial measure or ratio for these prospective non-GAAP financial measures or ratios. Each non-GAAP financial measure and ratio used herein is described in more detail below.*

#### TOTAL CASH COSTS

*The Company calculated total cash costs per ounce by dividing the sum of operating costs, royalty costs, production taxes, refining and shipping costs, net of by-product silver credits, by payable 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

*The Company has provided an all-in sustaining costs performance measure that reflects all the expenditures that are required to produce an ounce of silver from operations. 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 updated Guidance Note issued in 2018. The Company believes that this measure is useful to external users in assessing operating performance and the Company's ability to generate free cash flow from current operations. 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.*

#### 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 include but are not limited to the feasibility of the Project and its attractive economics and significant exploration upside; construction decision and development of the Project, timing and results of the feasibility study and the anticipated capital and operating costs, sustaining costs, net present value, internal rate of return, the method of mining the Project, payback period, process capacity, average annual metal production, average process recoveries, concession renewal, permitting of the Project, anticipated mining and processing methods, 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, the completion of key de-risking items, including the timing of receipt permits, availability of water and power, availability of labour, job creation and other local economic benefits, tax rates and commodity prices that would support development of the Project, and other statements that express management's expectations or estimates of future performance, operational, geological or financial results Information concerning mineral resource/reserve estimates and the economic analysis thereof contained in the results of the 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, the actual results of current and future exploration activities; changes to current estimates of mineral reserves and mineral resources; conclusions of economic and geological evaluations; changes in project parameters as plans continue to be refined; the speculative nature of mineral exploration and development; risks in obtaining and maintaining necessary licenses, permits and authorizations for the Company's development stage and operating assets; operations may be exposed to new diseases, epidemics and pandemics, including any ongoing or future effects of COVID-19 (and any related ongoing or future regulatory or government responses) and its impact on the broader market and the trading price of the Company's shares; provincial and federal orders or mandates (including with respect to mining operations generally or auxiliary businesses or services required for operations) in Mexico, all of which may affect many aspects of the Company's operations including the ability to transport personnel to and from site, contractor and supply availability and the ability to sell or deliver mined silver; changes in national and local government legislation, controls or regulations; failure to comply with environmental and health and safety laws and regulations; labour and contractor availability (and being able to secure the same on favourable terms); disruptions in the maintenance or provision of required infrastructure and information technology systems; fluctuations in the price of gold or certain other commodities such as, diesel fuel, natural gas, and electricity; operating or technical difficulties in connection with mining or development activities, including geotechnical challenges and changes to production estimates (which assume accuracy of projected ore grade, mining rates, recovery timing and recovery rate estimates and may be impacted by unscheduled maintenance); changes in foreign exchange rates (particularly the Canadian dollar, U.S. dollar and Mexican peso); the impact of inflation; geopolitical conflicts; employee and community relations; the impact of litigation and administrative proceedings (including but not limited to mining reform laws in Mexico) and any interim or final court, arbitral and/or administrative decisions; disruptions affecting operations; availability of and increased costs associated with mining inputs and labour; delays in construction decisions and any development of the Project; changes with respect to the intended method of mining and processing ore from the Project; inherent risks and hazards associated with mining and mineral processing including environmental hazards, industrial accidents, unusual or unexpected formations, pressures and cave-ins; the risk that the Company's mines may not perform as planned; uncertainty with the Company's ability to secure additional capital to execute its business plans; contests over title to properties; expropriation +or nationalization of property; political or economic developments in Canada and Mexico and other jurisdictions in which the Company may carry on business in the future; increased costs and risks related to the potential impact of climate change; the costs and timing of exploration, construction and development of new deposits; risk of loss due to sabotage, protests and other civil disturbances; the impact of global liquidity and credit availability and the values of assets and liabilities based on projected future cash flows; risks arising from holding derivative instruments; and business opportunities that may be pursued by the Company. 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 28, 2024, which is available under the Company's issuer profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

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