
Discovery Reports Q1 2021 Financial Results and Update

May 27, 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 March 31, 2021 (“Q1 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 Q1 2021 & SUBSEQUENT EVENTS:

Financial & Corporate:

- As at March 31, 2021, we had a cash and cash equivalents and short term investment balance of \$94.7 million. The Company’s cash position as of the date of this release is approximately \$91.0 million.
- In February we announced that an aggregate of 31,140,000 common share purchase warrants with an exercise price of \$1.00 were exercised prior to their expiry on February 17, 2021. The exercises resulted in gross proceeds of approximately \$31 million, of which approximately \$17.6 million was received in 2021.
- On March 12, 2021, we announced the appointment of Jennifer Wagner to the Company’s Board of Directors. Ms. Wagner is a corporate securities lawyer and has extensive experience advising companies on a variety of corporate commercial transactions, governance, and compliance matters. She currently serves as Executive Vice-President, Corporate Affairs and Sustainability at Kirkland Lake Gold Ltd.
- In late March, we were added to the VanEck Vectors Junior Gold Miners ETF (NYSE: GDXJ) (with the underlying designation as a silver pure-play company) and the ETFMG Prime Junior Silver Miners ETF (NYSE: SILJ).

Exploration:

At Cordero, we completed our 75,000 m (178 holes) Phase 1 drill program at the end of April. Data from Phase 1 drilling will be used to support the bulk-tonnage resource update and preliminary economic assessment (“PEA”) scheduled for the second half of the year.

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 earlier this month 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 with samples based on both rock type and mining phases is ongoing with results expected in Q3 2021. Preliminary mine scheduling work has been completed by AGP Mining Consultants Inc. to evaluate the impact on project economics of different mining rates, mill throughput rates and cut-off grade and stockpiling strategies. Knight Piésold and Co. (USA) also completed a site visit to Cordero in March 2021. The site visit included a review of drill core to assess pit wall stability, an evaluation of potential tailings and waste storage locations and a preliminary review of the hydrogeological regime at Cordero.

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 is open to the northeast and has been 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 scalability of the mineralized system at Cordero.

Select drill highlights during Q1 2021 and subsequent to quarter-end from our bulk-tonnage targets include:

- **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
- **131.6 m averaging 118 g/t AgEq** from 49.2 m (48 g/t Ag, 0.09 g/t Au, 0.5% Pb and 1.1% Zn) including **37.1 m averaging 223 g/t AgEq** (119 g/t Ag, 0.22 g/t Au, 1.0% Pb, 1.2% Zn) in hole C20-375
- **110.0 m averaging 110 g/t AgEq** from 137.1 m (37 g/t Ag, 0.04 g/t Au, 0.8% Pb and 1.0% Zn) and **51.8 m averaging 184 g/t AgEq** from 357.1 m (65 g/t Ag, 0.05 g/t Au, 1.6% Pb, 1.4% Zn) in hole C21-414
- **85.6 m averaging 175 g/t AgEq** from 406.2 m (53 g/t Ag, 0.05 g/t Au, 1.4% Pb and 1.7% Zn) including **39.9 m averaging 308 g/t AgEq** (93 g/t Ag, 0.08 g/t Au, 2.4% Pb, 3.0% Zn) in hole C20-378

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. Similarly, recent step out holes at the Parcionera vein trend have also doubled the drill-confirmed strike extent to at least 1 km with clear potential for further expansion to the northeast.

Select drill highlights from these veins during Q1 2021 and subsequent to quarter end include:

Josefina Vein Trend

- **1.3 m averaging 2,166 g/t AgEq** from 95.6 m (1,581 g/t Ag, 0.15 g/t Au, 9.9% Pb and 5.4% Zn) in hole C20-381
- **1.3 m averaging 2,290 g/t AgEq** from 136.7 m (1,607 g/t Ag, 2.06 g/t Au, 5.2% Pb and 8.0% Zn) in hole C20-396
- **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

Todos Santos Vein Trend

- **1.4 m averaging 1,107 g/t AgEq** from 135.4 m (552 g/t Ag, 0.33 g/t Au, 11.0% Pb and 3.4% Zn) within a 4.0 m interval averaging 763 g/t AgEq (377 g/t Ag, 0.28 g/t Au, 7.1% Pb, 2.7% Zn) in hole C20-385
- **1.2 m averaging 875 g/t AgEq¹** from 186.5 m (241 g/t Ag, 0.52 g/t Au, 4.6% Pb and 10.4% Zn) in hole C20-387
- **2.8 m averaging 670 g/t AgEq¹** from 166.3 m (207 g/t Ag, 0.15 g/t Au, 3.7% Pb and 7.7% Zn) in hole C20-397

Parcionera Vein Trend

- **4.4 m averaging 524 g/t AgEq** from 53.9 m (246 g/t Ag, 0.39 g/t Au, 6.5% Pb and 0.4% Zn) within a 37.1 m interval averaging 113 g/t AgEq (47 g/t Ag, 0.09 g/t Au, 1.1% Pb, 0.4% Zn) in hole C20-362
- **0.5 m averaging 1,765 g/t AgEq** from 100.9 m (665 g/t Ag, 0.58 g/t Au, 13.8% Pb and 13.7% Zn) in hole C20-360

For drill results noted above, refer to news releases dated January 6, February 2, March 15, April 20 and May 26, 2021, for further details.

COVID-19:

The Company continues to be proactive in mitigating health and safety risks regarding COVID-19 and continually monitors employees and contractors. The Company remains committed to being engaged with our local stakeholders during this uncertain time and will continue to

closely monitor the directives of all levels of government in both Mexico and Canada as well as the relevant health authorities. The current schedule for our exploration activities and the delivery of the resource update in Q3 2021 and PEA in 4Q 2021 assumes no significant impact from COVID-19 on operations. The Company's business, however, including its operations and the market for its securities, could be adversely impacted by the spread of new COVID-19 variants.

LOOKING AHEAD:

Our Phase 1 drill program began in September 2019 and concluded at the end of April 2021. In this campaign we drilled 75,000 m delivering results that have exceeded our expectations and that have confirmed the excellent high-grade potential that exists within the giant mineralized footprint at Cordero. Over the coming months we will be busy compiling this drill data alongside our updated geological and structural models to produce a brand-new resource estimate in Q3 2021. This resource model, along with the results from our detailed metallurgical testwork program that is ongoing, will form the basis for a revamped PEA to be completed in Q4 2021. Our objective with the PEA is to deliver a technically robust study supported by a comprehensive dataset and vetted by top-tier independent consultants that demonstrates Cordero is one of the few deposits in the silver space that offers the combination of margin, size and scalability.

While we are working on these major de-risking milestones we will remain focused on continuing to add value through our Phase 2 drill program. This program will be focused on three key areas: (1) upgrading inferred resources to indicated for inclusion in a prefeasibility study on Cordero; (2) resource expansion of bulk-tonnage mineralization; and (3) testing of the width, grade and continuity of extensive high-grade vein systems that transect the deposit. Additionally, socio-economic and environmental baseline studies are currently underway and will continue through the year.

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 March 31, 2021.

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 2021	Q1 2020
(a) Total	\$ (10,965,302)	\$ (4,826,135)
(b) basic and diluted per share	\$ (0.03)	\$ (0.02)
Net loss & total comprehensive loss	\$ (11,058,575)	\$ (5,827,330)
Total weighted average shares outstanding	317,429,574	211,423,805

	March 31, 2021	December 31, 2020
Cash, cash equivalents & short-term investments	\$ 94,742,626	\$ 82,547,897
Total assets	\$ 123,667,380	\$ 111,564,881
Total current liabilities	\$ 1,604,846	\$ 982,260
Total liabilities	\$ 1,633,949	\$ 1,023,349
Working capital	\$ 94,000,415	\$ 82,435,046
Total Shareholders' equity	\$ 122,033,432	\$ 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 over C\$90 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.